

Elizabeth Alcantar, Mayor
Jose R. Gonzalez, Vice Mayor
Chris Garcia, Council Member
Jack M. Guerrero, Council Member
Blanca Lozoya, Council Member



REMOTE TELECONFERENCE AND ELECTRONICALLY

This meeting will be conducted telephonically and electronically pursuant to the State of California Executive Order No. 29-20.

Teleconference Phone Number:

1 (253) 215-8782

Meeting ID: 857 3262 8445

<https://us02web.zoom.us/j/85732628445>

AGENDA

**A SPECIAL MEETING
OF THE CUDAHY CITY COUNCIL
and JOINT MEETING of the
CITY OF CUDAHY AS SUCCESSOR AGENCY and HOUSING SUCCESSOR AGENCY
TO THE CUDAHY DEVELOPMENT COMMISSION
Tuesday, August 25, 2020 – 6:30 P.M.**

Written materials distributed to the City Council within 24 hours of the City Council meeting shall be available on the City's website for public inspection at www.cityofcudahy.com.

In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate in this meeting, you should contact the City Clerk's Office at (323) 773-5143 at least 24 hours in advance of the meeting.

Rules of Decorum

Under the Government Code, the City Council may regulate disruptive behavior that impedes the City Council Meeting.

Disruptive conduct may include, but is not limited to:

- Screaming or yelling during another audience member's public comments period;
- Profane language directed at individuals in the meeting room;
- Verbal altercations with other individuals in the meeting room; and
- Going beyond the allotted three-minute public comment period granted.

When a person's or group's conduct disrupts the meeting, the Mayor or presiding officer will request that the person or group stop the disruptive behavior, and WARN the person or group that they will be asked to leave the meeting room if the behavior continues.

If the person or group refuses to stop the disruptive behavior, the Mayor or presiding officer may order the person or group to leave the meeting room and may request that those persons be escorted from the meeting room. Any person who, without authority of law, willfully disturbs or breaks up a City Council meeting is guilty of a misdemeanor. (Pen. Code, § 403.)

1. CALL TO ORDER

2. ROLL CALL

Council / Agency Member Garcia
Council / Agency Member Guerrero
Council / Agency Member Lozoya
Vice Mayor / Vice Chair Gonzalez
Mayor / Chair Alcantar

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENTS

(Each member of the public may provide a public comment telephonically or electronically if he or she wishes to address the City Council. Members of the public are permitted to speak for three (3) minutes concerning items on the agenda and closed session items. As provided under Government Code Section 54954.3(a), public comments for this special meeting shall be limited to matters listed on this special meeting agenda only.)

(Any person who, without authority of law, willfully disturbs or breaks up a City Council meeting is guilty of a misdemeanor. (Pen. Code, § 403).)

5. BUSINESS SESSION

- A. Consideration to Approve a Contract Services Agreement to Award Asbestos Instant Response, Inc. (AIR, Inc.), as well as approve Resolution No. 20-29, Resolution SA 20-04, for the Atlantic Avenue and Cecilia Street Property Clean-Up and Demolition Project – The City of Cudahy and its Redevelopment Dissolution Successor Agency (*page 5*)

Presented by Assistant City Engineer

Recommendation: The City Council is requested to:

1. Approve a Contract Services Agreement with Asbestos Instant Response, Inc. (AIR, Inc.), the lowest responsive and responsible bidder, for an amount up to \$91,429 to undertake the Atlantic Avenue and Cecilia Street Property Clean-Up and Demolition Project;
2. Authorize the City Manager to give Notice to Proceed on the base bid schedule (Option 1. Property clean-up only. Contract amount \$32,733) and any portions of the additive bid schedule as deemed necessary to complete the project (Option 2. Demolition of existing structures. Contract not to exceed \$91,429);
3. Adopt Resolution No. 20-29, declaring the existence of a public nuisance on certain property owned by the successor agency to the

former Cudahy Community Development Commission (Site 4 Lands), ordering the abatement thereof, and approving the form of a demolition and loan agreement between the City of Cudahy and the Successor Agency to the Former Cudahy Community Development Commission (Cudahy Long Range Property Management Plan Site 4); and

4. Adopt Resolution No. SA 20-04, acting in its capacity of the governing board of the Successor Agency and Housing Successor Agency to the former Cudahy Community Development Commission, approving a demolition and loan agreement between the City of Cudahy and the Successor Agency to the Former Cudahy Community Development Commission for the demolition of unoccupied and unsafe structures, fire damages debris disposal and abatement of hazardous materials at Cudahy Long Range Property Management Plan Site 4.

B. Consideration to Receive and Review Development Impact Fee Analysis Presentation (*page 33*)

Presented by Finance Director

Recommendation: The City Council is requested to receive and review Development Impact Fee Analysis and receive a presentation by Willdan Financial highlighting the Development Impact Fee analysis.

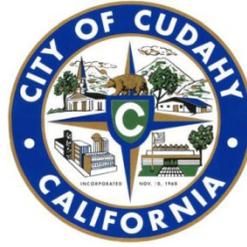
6. ADJOURNMENT

I, Richard Iglesias, hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the City's website not less than 24 hours prior to the meeting. A copy of said Agenda is on file in the City Clerk's Office.

Dated this 22nd day of August 2020


Richard Iglesias
Assistant City Clerk

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Item Number 5A

STAFF REPORT

Date: August 25, 2020

To: Honorable Mayor/Chair and City Council/Agency Members

From: Henry Garcia, Interim City Manager/ Executive Director
By: Aaron Hernandez-Torres, P. E., Assistant City Engineer

Subject: **Consideration to Approve a Contract Services Agreement to Award Asbestos Instant Response, Inc. (AIR, Inc.), as well as approve Resolution No. 20-29, Resolution SA 20-04, for the Atlantic Avenue and Cecilia Street Property Clean-Up and Demolition Project – The City of Cudahy and its Redevelopment Dissolution Successor Agency**

RECOMMENDATION

The City Council is requested to:

1. Approve a Contract Services Agreement with Asbestos Instant Response, Inc. (AIR, Inc.), the lowest responsive and responsible bidder, for an amount up to \$91,429 to undertake the Atlantic Avenue and Cecilia Street Property Clean-Up and Demolition Project;
2. Authorize the City Manager to give Notice to Proceed on the base bid schedule (Option 1. Property clean-up only. Contract amount \$32,733) and any portions of the additive bid schedule as deemed necessary to complete the project (Option 2. Demolition of existing structures. Contract not to exceed \$91,429);
3. Adopt Resolution No. 20-29, declaring the existence of a public nuisance on certain property owned by the successor agency to the former Cudahy Community Development Commission (Site 4 Lands), ordering the abatement thereof, and approving the form of a demolition and loan agreement between the City of Cudahy and the Successor Agency to the Former Cudahy Community Development Commission (Cudahy Long Range Property Management Plan Site 4); and

4. Adopt Resolution No. SA 20-04, acting in its capacity of the governing board of the Successor Agency and Housing Successor Agency to the former Cudahy Community Development Commission, approving a demolition and loan agreement between the City of Cudahy and the Successor Agency to the Former Cudahy Community Development Commission for the demolition of unoccupied and unsafe structures, fire damages debris disposal and abatement of hazardous materials at Cudahy Long Range Property Management Plan Site 4.

BACKGROUND

1. On May 16, 2020, the Engineering Department in coordination with City Clerk Office and Finance Department issued a Notice to Contractors to procure construction services for the aforementioned project. The project was properly advertised on May 16, 2020 in the newspaper.
2. On May 21, 2020, the City conducted a non-mandatory pre-bid meeting at the site with all contractors interested in the project.
3. On May 27, 2020, the City Clerk's Office conducted the bid opening meeting at City Hall via zoom. A total of four bids were received for this project, ranging in cost from \$32,773 to \$125,000 (Total Base Bid Amount). Asbestos Instant Response, Inc (AIR, Inc.), submitted a bid proposal in the total base bid amount of \$32,773 and is the lowest responsive and responsible bidder. Alternatively, the City included an additive alternate Bid Schedule for additional scope of work for the above project to consider the demolition of the existing structures located at the site. Therefore, the additive alternate bid schedule in the amount of \$58,656 (or a portion of this amount) might be part of the total project cost as deemed necessary to complete the project for a contract amount not to exceed \$91,429.

ANALYSIS

The City of Cudahy and its Redevelopment Dissolution Successor Agency own the property located at Atlantic Avenue and Cecilia Street in the City of Cudahy. Within the last year, the City of Cudahy Staff and the Los Angeles County Fire Department have evaluated the condition of the existing property and existing buildings and/or structures located in the property. As a result of this evaluation, it has been determined that the property is in immediate need of clean-up and maintenance. Please note that the property caught fire on Tuesday February, 4, 2020 causing serious damage to an existing wood building structure located along Cecilia St. LA County Fire Department responded to this emergency, accordingly fire was extinguished

leaving the property and the above mentioned structure exposed. After a site visit and evaluation of the fire damaged, it was determined that the remaining structure would collapse at any time creating a danger to civilians and a liability to the City. Based on the findings the City demolished the remaining portion of the building which was caught on fire and built a temporary free standing wood framing wall along Cecilia St.

In order to keep this property and area safe for the public and immediate adjacent neighbors, it is the City's recommendation to clean up the property and remove and properly dispose existing debris. In addition, demolition of the remaining red tagged existing structures located in the property will be considered by City Manager and will proceed as deemed necessary to avoid future fires and to also stop transients coming in into the property looking for shelter.

The following are the three remaining structures located in the property:

- Small wood frame house located towards the north of the property (Approximately 650 SF Residential Structure)
- Wood Frame Structure on raised foundation located in the middle the property (Approximately 1,250 SF Fire Damaged Commercial Structure)
- Metallic Structure on Concrete Slab located along Cecilia St (Approximately 2,500 SF Fire Damaged Commercial Structure)

The project scope of work for the clean-up project (Base Bid Schedule A) includes the clean-up, removal, and properly disposal of existing debris within property limits. This includes the installation of 20 LF of chain link fence along Atlantic Avenue. The Additive Bid Schedule B includes the demolition of the above-mentioned remaining structures, and clean-up, removal and properly disposal of debris and materials from the demolition work. The demolition of one, two, or all three structures will be considered as deemed appropriate to complete the project.

Construction phase will follow right after contract award for construction services and it is expected that project will start soon. Asbestos Instant Response, Inc (AIR, Inc.), submitted a bid proposal in the total base bid amount of \$32,773 and is the lowest responsive and responsible bidder. Alternatively, the City may include additive alternate Bid Schedule items as deemed necessary.

Failure to approve the work will leave the property exposed and in risk of fire and open to transients activity, liability, claims from neighbors, etc.

Site 4 Assessor Parcel Numbers

<u>Street Address</u>	<u>Pre-2016 Assessor Parcel No.</u>	<u>2020 Assessor Parcel No.</u>

8135 South Atlantic Ave	6224-022-001	6224-022-900
4629 Cecilia Street	6224-022-004	6224-022-904
8201 South Atlantic Ave	6224-022-002	6224-022-901
8221 South Atlantic Ave	6224-022-012	6224-022-903
4633 Cecilia Street	6224-022-003	6224-022-902

CONCLUSION

City Council approval of the Construction Contract Services Agreement with Asbestos Instant Response, Inc (AIR, Inc.), would resolve the need of clean-up, maintenance and transients activity in the above Atlantic Avenue and Cecilia Street Property. In addition, approval of the plan and associated contract will prevent much more costly repairs in the future.

FINANCIAL IMPACT

The cash funds of the Housing Successor Agency will be used to pay the contractor for this project. The Housing Successor Agency will be reimbursed from the proceeds of the sale of the parcel located at Atlantic / Cecilia through an exclusive agreement for the sale of the parcel which ultimately will benefit low/moderate individuals.

All of the lands included in Site 4 are currently owned by the Cudahy Successor Agency. However, the Cudahy Successor Agency does not have any funds available to pay for the cost of the necessary demolition on the remaining vacant and unsafe structures and hazardous materials abatement work which must now be undertaken in order to protect the public from further risk arising from the likely continuation of trespass, further fires in the remaining unsafe structures and prevent any further adverse effects of environmental exposure from the accumulation of past fire damage debris which needs to be removed from Site 4. Accordingly , it is proposed that the City and the Agency enter into an emergency loan agreement whereby the City will advance up to a total amount not to exceed \$115,000 of available City funds to the Successor Agency to pay for the necessary demolition and fire damage debris disposal work which is now indicated in order to protect the public from further danger . The emergency demolition loan to the Successor Agency will be repaid by the Successor Agency to the City as a new "enforceable obligation " of the Successor Agency, subject to the approval of the Los Angeles County Consolidated Oversight Board either

from future ROPS payments to the Successor Agency or from Successor Agency land sale proceeds from Site 4 or from the sale of other lands currently owned by the Successor Agency. The proposed emergency loan will be evidenced by a written loan agreement by and between the City and the Successor Agency substantially in the form attached to this staff report. The City funds which will be made available to the Successor Agency under the emergency loan agreement will be used and applied solely to pay for the direct demolition and fire damage debris disposal costs incurred by the lowest responsible bidder at Site 4 under a contract with the City and for no other purpose.

ATTACHMENTS

- A. Bid Opening Minutes
- B. Bid Proposal
- C. Resolution No. 20-29
- D. Resolution No. SA 20-04
- E. Successor Agency Demolition and Loan Agreement

BID OPENING MINUTES

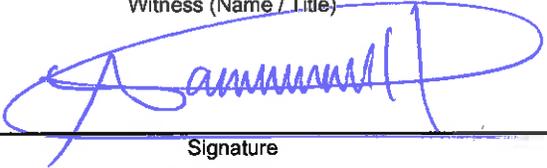
Contracting Agency: City of CudahyAgency Representative: Richard Iglesias, Assistant City ClerkProject Name: Atlantic Avenue and Cecilia Street Property Clean-Up and Demolition Project – City of Cudahy and its Redevelopment Dissolution Successor AgencyBid Due Date: May 27, 2020Bid Opening Date: May 27, 2020Time of Bid Opening: 5:00 PMPlace of Bid Opening: City Hall

	NAME OF COMPANY	BID SUBMITTED		Amount of Bid ^{BASE}
		Date	Time	
1	RS CONSTRUCTION & DEVELOPMENT, INC	5/26/20	4:49 PM	\$ 35,950 ⁰⁰
2	ASBESTOS INSTANT RESPONSE, INC (AIR, INC).	5/27/20	2:12 PM	\$ 32,773 ⁰⁰
3	DAWNY RYAN PRECISION CONTRACTING, INC.	5/27/20	3:20 PM	\$ 125,000 ⁰⁰
4	INTERIOR DEMOLITION, INC.	5/27/20	4:33 PM	\$ 40,000 ⁰⁰
5				
6				
7				

LATE BID SUBMISSION

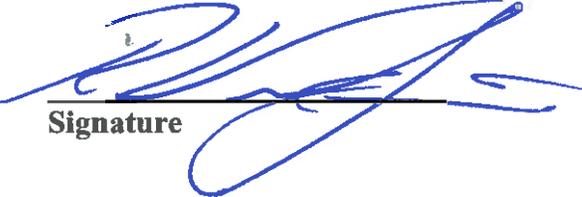
	NAME OF COMPANY	BID SUBMITTED		Amount of Bid
		Date	Time	
1				
2				
3				

CERTIFICATION

AARON HERNANDEZ-TORRES ASSISTANT CITY ENGINEER	Andres Rangel Junior Deputy City Clerk
Witness (Name / Title)	Witness (Name / Title)
	
Signature	Signature
5/27/20	5/27/2020
Date	Date

BIDS OPENED BY:

**RICHARD ILESIAS
ASSISTANT CITY CLERK**


Signature

ADDENDUM #1
BIDDING AND CONTRACT DOCUMENTS
for
ATLANTIC AVENUE AND CECELIA STREET PROPERTY CLEAN UP AND
DEMOLITION PROJECT – CITY OF CUDAHY AND ITS REDEVELOPMENT
DISSOLUTION SUCCESSOR AGENCY

CITY OF CUDAHY
Date Issued: May 21, 2020

Addendum for: ATLANTIC AVENUE AND CECELIA STREET PROPERTY CLEAN UP AND DEMOLITION PROJECT – CITY OF CUDAHY AND ITS REDEVELOPMENT DISSOLUTION SUCCESSOR AGENCY

Addendum No.: 1

Addendum Date: May 21, 2020

Issued by: City of Cudahy and its Redevelopment Dissolution Successor Agency

Reminder 1: Bid due date is not changed. Bid due date is **5:00 PM** on **Wednesday, May 27, 2020**.

Reminder 2: Please sign Addenda Acknowledgement on page C.8 of Bid Package Section C Titled “BIDDER’S PROPOSAL”. Entire Section C shall be submitted as Bidder’s Proposal.

This addendum removes Bid Schedule, Pages C.2 through C.4 from the Bid Package, and replaces with Attachment A – Revised Bid Schedule Per Addendum 1. Contractors shall submit this revised Bid Schedule as part of their Bidder’s Proposal.

There is change on the base bid schedule A on page C.2. A.1 bid item listed has been revised to include the installation of 20 LF of chain-link fence and clarification of the scope of work. There is change on the additive bid schedule B on page C3 and C4. Add B.1 and Add B.2 bid items listed have been revised to clarify scope of work. Add B.2.1 and Add. B.3 bid items have been added to the additive bid schedule B to include salvage and disposal of metal scrap by the City, and the demolition of the existing wood frame structure in the property, respectively.

Attachments:

Attachment A – Revised Bid Schedule Per Addendum 1.

For all other questions, please contact via email:

Aaron Hernandez-Torres, P.E.
Project Manager
City of Cudahy
E: ahernandez@cityofcudahyca.gov

ATTACHMENT A - Revised Bid Schedule Per Addendum 1

ATLANTIC AVENUE AND CECELIA STREET PROPERTY CLEAN UP AND DEMOLITION PROJECT – CITY OF CUDAHY AND ITS REDEVELOPEMENT DISSOLUTION SUCCESSOR AGENCY

BASE BID SCHEDULE A PER ADDENDUM 1

Item No.	Description	Quantity	Unit	Unit Cost	Total Cost
A.1	CLEAN-UP, REMOVAL AND PROPERLY DISPOSAL OF EXISTING DEBRIS (INCLUDING DEMOLISHED CONCRETE WASTE NEXT TO THE METALLIC STRUCTURE) WITHIN PROPERTY LIMITS. ALL MATERIALS TO BE PROPERLY DISPOSED PER CEQA, AQMD, AND OTHER APPLICABLE CODE AND REGULATIONS. CONTRACTOR TO USE CITY'S CONTRACTOR "REPUBLIC SERVICES" FOR HAULING SERVICES AND DISPOSAL OF MATERIALS. PRICING SHALL INCLUDE TRUCKING AND DISPOSAL, LABOR, EQUIPMENT, AND CONSUMABLES AS REQUIRED TO LOAD OUT ALL DEBRIS. INCLUDES THE INSTALLATION OF 20 LF OF CHAIN-LINK FENCE ALONG ATLANTIC AVE (6 FT HEIGHT TO MATCH EXISTING), AND ALL OTHER MISCELLANEOUS ITEMS AND APPURTENANCES REQUIRED TO COMPLETE THE WORK SUCH AS TRAFFIC CONTROL, REMOVAL OF WEEDS WITHIN THE PROPERTY, AND CLEAN UP & REMOVAL OF DEBRIS INSIDE EXISTING SMALL HOUSE, METALLIC STRUCTURE, AND EXISTING WOOD FRAME STRUCTURE LOCATED IN THE MIDDLE OF THE PROPERTY.	1	LS	\$ <u>32,773</u>	\$ <u>32,733</u>
TOTAL BASE BID AMOUNT					\$ <u>32,773</u>

TOTAL BASE BID A AMOUNT IN WRITING: _____

Thirty-Two Thousand Seven Hundred Seventy-Three Dollars and no Cents.

The award of Contract shall be based on the TOTAL BASE BID AMOUNT. The ADDITIVE ALTERNATE BID ITEMS shown per the ADDITIVE ALTERNATE BID SCHEDULE B below will not be taken into account in determining the lowest responsible bidder. City may add or deduct bid items from the ADDITIVE ALTERNATE BID SCHEDULE B at the sole and complete discretion of the City as part of the performance of the contract.

**ATLANTIC AVENUE AND CECELIA STREET PROPERTY CLEAN UP AND DEMOLITION PROJECT – CITY OF CUDAHY
AND ITS REDEVELOPMENT DISSOLUTION SUCCESSOR AGENCY**

ADDITIVE BID SCHEDULE B PER ADDENDUM 1

Item No.	Description	Quantity	Unit	Unit Cost	Total Cost
Add B.1	<p>DEMOLITION OF EXSITING STRUCTURE (SMALL HOUSE). DEMOLISH AND DISPOSE OF APPROX. 650 SF RESIDENTIAL STRUCTURE AND GARAGE. SLAB AND FOUNDATION TO REMAIN.</p> <p>INCLUDES CLEAN-UP, REMOVAL AND PROPERLY DISPOSAL OF DEBRIS AND MATERIALS FROM DEMOLITION WORK. ALL MATERIALS TO BE PROPERLY DISPOSED PER CEQA, AQMD, AND OTHER APPLICABLE CODE AND REGULATIONS. CONTRACTOR TO USE CITY'S CONTRACTOR "REPUBLIC SERVICES" FOR HAULING SERVICES AND DISPOSAL OF MATERIALS. PRICING SHALL INCLUDE TRUCKING AND DISPOSAL, LABOR, EQUIPMENT, AND CONSUMABLES AS REQUIRED TO LOAD OUT ALL DEBRIS. INCLUDES ALL OTHER MISCELLANEOUS ITEMS AND APPURTENANCES REQUIRED TO COMPLETE THE WORK SUCH AS TRAFFIC CONTROL.</p>	1	LS	\$ <u>9,980</u>	\$ <u>9,980</u>
Add B.2	<p>DEMOLITION OF EXSITING STRUCTURE (METALLIC STRUCTURE ON CONCRETE SLAB). DEMOLISH AND DISPOSE OF APPROX. 2,500 SF FIRE DAMAGE COMMERCIAL METALLIC STRUCTURE. SLAB AND FOUNDATION TO REMAIN. EXISTING METAL PERIMETER FENCE ALONG CECILIA ST TO REMAIN (UP TO 12 FT HEIGHT).</p> <p>INCLUDES CLEAN-UP, REMOVAL AND PROPERLY DISPOSAL OF DEBRIS AND MATERIALS FROM DEMOLITION WORK. ALL MATERIALS TO BE PROPERLY DISPOSED PER CEQA, AQMD, AND OTHER APPLICABLE CODE AND REGULATIONS. CONTRACTOR TO USE CITY'S CONTRACTOR "REPUBLIC SERVICES" FOR HAULING SERVICES AND DISPOSAL OF MATERIALS. PRICING SHALL INCLUDE TRUCKING AND DISPOSAL, LABOR, EQUIPMENT, AND CONSUMABLES AS REQUIRED TO LOAD OUT ALL DEBRIS. INCLUDES ALL OTHER MISCELLANEOUS ITEMS AND APPURTENANCES REQUIRED TO COMPLETE THE WORK SUCH AS TRAFFIC CONTROL. CONTRACTOR IS RESPONSIBLE FOR ASBESTOS TESTING (IF ASBESTOS ARE PRESENT, CONTRACTOR</p>	1	LS	\$ <u>36,820</u>	\$ <u>36,820</u>

**ATLANTIC AVENUE AND CECELIA STREET PROPERTY CLEAN UP AND DEMOLITION PROJECT – CITY OF CUDAHY
AND ITS REDEVELOPEMENT DISSOLUTION SUCCESSOR AGENCY**

ADDITIVE BID SCHEDULE B PER ADDENDUM 1

Item No.	Description	Quantity	Unit	Unit Cost	Total Cost
	TO PERFORM ASBESTOS ABATEMENT BEFORE DEMOLITION). PROVIDE PRICE UNDER THE ASSUMPTION THAT CONTRACTOR WILL KEEP & DISPOSE ALL METAL SCRAP FROM DEMOLITION OF THE STRUCTURE.				
Add B.2.1	SAME AS ITEM Add B.2 ABOVE, EXCEPT PLEASE PROVIDE PRICE UNDER THE ASSUMPTION THAT CITY WILL KEEP & DISPOSE ALL METAL SCRAP FROM DEMOLITION OF THE STRUCTURE (CONTRACTOR TO DEMO STRUCTURE AND DISPOSE ALL METAL SCRAP IN CONTAINERS PROVIDED BY THE CITY).	1	LS	\$11,450	\$11,450
Add B.3	DEMOLITION OF EXSITING STRUCTURE (WOOD FRAME STRUCTURE ON RAISED FOUNDATION LOCATED IN THE MIDDLE OF THE PROPERTY). DEMOLISH AND DISPOSE OF APPROX. 1,200 SF FIRE DAMAGE COMMERCIAL STRUCTURE. SLAB AND FOUNDATION TO REMAIN. INCLUDES CLEAN-UP, REMOVAL AND PROPERLY DISPOSAL OF DEBRIS AND MATERIALS FROM DEMOLITION. ALL MATERIALS TO BE PROPERLY DISPOSED PER CEQA, AQMD, AND OTHER APPLICABLE CODE AND REGULATIONS. CONTRACTOR TO USE CITY'S CONTRACTOR "REPUBLIC SERVICES" FOR HAULING SERVICES AND DISPOSAL OF MATERIALS. PRICING SHALL INCLUDE TRUCKING AND DISPOSAL, LABOR, EQUIPMENT, AND CONSUMABLE AS REQUIRED TO LOAD OUT ALL DEBRIS. INCLUDES ALL OTHER MISCELLANEOUS ITEMS AND APPURTENANCES REQUIRED TO COMPLETE THE WORK SUCH AS TRAFFIC CONTROL.	1	LS	\$11,856	\$11,856
TOTAL ADDITIVE BID B AMOUNT					\$ <u>70,106</u>

TOTAL BASE BID A AMOUNT	\$ <u>32,773</u>
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TOTAL BASE BID A AMOUNT IN WRITING: _____

Thirty-Two Thousand Seven Hundred Seventy Dollars and no Cents.

RESOLUTION NO. 20-29

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CUDAHY DECLARING THE EXISTENCE OF A PUBLIC NUISANCE ON CERTAIN PROPERTY OWNED BY THE SUCCESSOR AGENCY TO THE FORMER CUDAHY COMMUNITY DEVELOPMENT COMMISSION (SITE 4 LANDS), ORDERING THE ABATEMENT THEREOF, AND APPROVING THE FORM OF A DEMOLITION AND LOAN AGREEMENT BETWEEN THE CITY OF CUDAHY AND THE SUCCESSOR AGENCY TO THE FORMER CUDAHY COMMUNITY DEVELOPMENT COMMISSION (CUDAHY LONG-RANGE PROPERTY MANAGEMENT PLAN SITE 4)

WHEREAS, concurrently with the adoption by the City Council of this City Council Resolution, the Successor Agency to the former Cudahy Community Development Commission (the "Successor Agency") has adopted its resolution dated August 25, 2020 entitled

"RESOLUTION OF THE SUCCESSOR AGENCY TO THE FORMER CUDAHY COMMUNITY DEVELOPMENT COMMISSION APPROVING A DEMOLITION AND LOAN AGREEMENT BETWEEN THE CITY OF CUDAHY AND THE SUCCESSOR AGENCY TO THE FORMER CUDAHY COMMUNITY DEVELOPMENT COMMISSION FOR THE DEMOLITION OF UNOCCUPIED AND UNSAFE STRUCTURES, FIRE DAMAGE DEBRIS DISPOSAL AND ABATEMENT OF HAZARDOUS MATERIALS AT CUDAHY LONG RANGE PROPERTY MANAGEMENT PLAN SITE 4"; and

WHEREAS, the City Council of the City of Cudahy (the "City") deems it necessary and appropriate to make the findings and take the actions as set forth in this City Council Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL MONTE AS FOLLOWS:

SECTION 1. The City Council hereby receives and files the City Staff Report dated August 25, 2020 (the "August 2020 Staff Report") together with such supplemental information as submitted to the City Council during the meeting at which this Resolution is adopted.

SECTION 2. The City Council hereby finds and determines that conditions of a public nuisance currently exist on the lands identified in the August 2020 Staff Report as "Site 4," and the City Council hereby orders that such conditions be abated pursuant to the terms of a demolition contract by and between the City and AIR, Inc., as set forth in the August 2020 Staff Report.

SECTION 3. The City Manager is hereby authorized and directed to execute the appropriate form of a public works contract by and between AIR, Inc. and the City to perform the work on the Site 4 lands as set forth in the August 2020 Staff Report. The City Council hereby appropriates funds of the City to pay for the work on the Site 4 lands as shall be performed by AIR, Inc.

SECTION 4. The City Council hereby approves the form of the Demolition and Loan Agreement by and between the City and the Successor Agency substantially in the form attached hereto as Exhibit "A," and the City Manager is authorized and directed to execute such Demolition and Loan Agreement on behalf of the City together with such technical and conforming changes as maybe recommended by the City Attorney. The City Manager is hereby further directed to take all other appropriate action to cause the public nuisance conditions described in the August 2020 Staff Report to be abated and corrected at the earliest feasible time.

SECTION 5. This Resolution shall take effect upon adoption. The City Clerk shall certify to the adoption of this Resolution.

PASSED AND ADOPTED by the City Council at its meeting on this 25th day of August 2020.

Elizabeth Alcantar
Mayor

ATTEST:

Richard Iglesias
City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF CUDAHY)

I, Richard Iglesias, Assistant City Clerk, do hereby certify that the above and foregoing Resolution No. 20-29 was passed, approved, and adopted by the City Council of the City of Cudahy, signed by the Mayor and attested by the Assistant City Clerk at a meeting of said City held on this 25th day of August 2020, and that said Resolution was adopted by the following votes to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Richard Iglesias
City Clerk

RESOLUTION NO. SA 20-04

RESOLUTION OF THE SUCCESSOR AGENCY TO THE FORMER CUDAHY COMMUNITY DEVELOPMENT COMMISSION APPROVING A DEMOLITION AND LOAN AGREEMENT BETWEEN THE CITY OF CUDAHY AND THE SUCCESSOR AGENCY TO THE FORMER CUDAHY COMMUNITY DEVELOPMENT COMMISSION FOR THE DEMOLITION OF UNOCCUPIED AND UNSAFE STRUCTURES, FIRE DAMAGE DEBRIS DISPOSAL AND ABATEMENT OF HAZARDOUS MATERIALS AT CUDAHY LONG RANGE PROPERTY MANAGEMENT PLAN SITE 4

WHEREAS, the City of Cudahy (the “City”) authorized the formation and operation of a community redevelopment agency within the territorial jurisdiction of the City pursuant to State law;

WHEREAS, the former Cudahy Community Development Commission undertook the redevelopment of certain areas of the City in reliance upon the provisions of State law and the former Cudahy Community Development Commission entered into certain contracts, expended public funds, incurred indebtedness and assumed certain obligations and liabilities with third parties in reliance upon applicable State of California law in order to eliminate and prevent the spread of blight and to enhance and preserve the supply of affordable housing within the City;

WHEREAS, the State has ordered the former Cudahy Community Development Commission to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended, and the State has ordered all real property assets of the former Cudahy Community Development Commission including certain lands and assets conveyed to the Cudahy Economic Development Corporation, a nonprofit public benefit corporation, to be recovered and transferred to the Successor Agency for disposition”;

WHEREAS, the City as Successor Agency to the former Cudahy Community Development Commission has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the recovery of lands previously transferred by the former Cudahy Community Development Commission to the Cudahy Economic Development Corporation, a nonprofit public benefit corporation, as well as certain lands acquired by the Cudahy Economic Development Corporation following the dissolution of the former Cudahy Community Development Commission, marshaling of cash assets, non-cash assets and liabilities and the preparation of such land assets of the former Cudahy Community Development Commission for disposition and sale to third parties subject to the payment of enforceable obligations of the former Cudahy Community Development Commission under applicable State law;

WHEREAS, the Successor Agency has prepared, and the State Department of Finance has approved the document entitled: "2015 Long-Range Property Management Plan" (the "Cudahy PMP");

WHEREAS, certain lands identified in the Cudahy PMP as "Site 4" include unoccupied and unsafe structures which have been subject to trespass and substantial fire damage in recent months as generally described in a City Staff Report dated August 25, 2020 (the "August 2020 Staff Report"), as submitted to the City Council of the City of Cudahy and the Successor Agency at the public meeting during which the agreement entitled "Demolition and Loan Agreement (Cudahy PMP Site 4)" was approved (the "Loan Agreement"); and

WHEREAS, Site 4 includes the following lands:

<u>Street Address</u>	<u>Pre-2016 Assessor Parcel No.</u>	<u>2020 Assessor Parcel No.</u>
8135 South Atlantic Ave	6224-022-001	6224-022-900
4629 Cecilia Street	6224-022-004	6224-022-904
8201 South Atlantic Ave	6224-022-002	6224-022-901
8221 South Atlantic Ave	6224-022-012	6224-022-903
4633 Cecilia Street	6224-022-003	6224-022-902

WHEREAS, while the Successor Agency undertakes and completes measures to dispose of Site 4 in accordance with the provisions with the Cudahy PMP, the remaining vacant and unsafe structures on Site 4, including previously fire damaged structures and debris, pose a risk of further trespass and potential additional fire damage to both trespasser on Site 4 and to the general public and it is necessary and appropriate to abate the existing public nuisance on Site 4;

WHEREAS, the Successor Agency does not have funds available to pay for the cost of abating the public nuisance which currently exists on Site 4 as described in the August 2020 Staff Report and has further determined that the amount of funds which are reasonably estimated to be remitted to the Successor Agency from the Redevelopment Property Tax Trust Fund for the former Cudahy Community Development Commission, for the period of time between July 1, 2020 and June 30, 2021 under "Cudahy ROPS 2020-21," as this term is described in the next paragraph, together with the cash and other immediately available funds which are reasonably estimated to be available to the Successor Agency or on deposit in the Redevelopment Obligation Retirement Fund of the Successor Agency on or after July 1, 2021, after deducting all previously scheduled payments of principal and interest on the bonded indebtedness identified in Cudahy

ROPS 2020-21 for the period of time preceding Cudahy ROPS 2021-22, will not be sufficient to both the costs required to abate the public nuisance on Site 4 and to also pay the enforceable obligations of the Successor Agency to third parties, including trustees under bond trust indentures, which shall become due and payable during the period of time covered by Cudahy ROPS 2020-21 or Cudahy ROPS 2021-22;

WHEREAS, as used herein, the term “Cudahy ROPS 2021-22” means the Successor Agency’s recognized obligation payment schedule for Fiscal Year 2021-22. The final form of Cudahy ROPS 2021-22 is subject to approval by the Successor Agency and approved by the Los Angeles County Consolidated Oversight Board for the former Successor Agency as set forth under the State Redevelopment Dissolution Law;

WHEREAS, Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses, at the discretion of the City, and that such a loan shall be reflected on the recognized obligation payment schedule of the Successor Agency, which is subject to the approval of the Los Angeles County Consolidated Oversight Board for the Successor Agency; and

WHEREAS, in order to address and remedy the public nuisance conditions which currently exist on Site 4 and to protect the public health and safety pending the completion of the disposition of the Site 4 lands to a third party as part of the redevelopment dissolution process the City and the Successor Agency have both detail that it is necessary and appropriate to enter into the Loan Agreement, as herein provided below.

NOW, THEREFORE, THE GOVERNING BOARD OF THE SUCCESSOR AGENCY FOR THE FORMER CUDAHY COMMUNITY DEVELOPMENT COMMISSION DOES HEREBY FIND, ORDER AND RESOLVE AS FOLLOWS:

SECTION 1. **Recitals**. The recitals set forth above are true and correct and incorporated herein by reference. The Successor Agency acknowledges and agrees with the finding of the City Council of the City of Cudahy that the current condition of the unoccupied and unsafe structures and fire damage debris on Site 4, is a public nuisance which requires an immediate response and abatement in order to protect the public health and safety.

SECTION 2. **Consent of Successor Agency for City to Perform Demolition and Abatement Work on Site 4**. The Successor Agency hereby grants its consent to the City for the City to perform the work of demolition, fire damage debris disposal and abatement of hazardous materials on the Site 4 lands as described in the scope of work set forth in the August 2020 Staff Report together with any necessary change order to such scope of work in order to address specific on-site conditions which may arise during the course of performance of such demolition work.

SECTION 3. **Approval of Loan Agreement**. The Successor Agency hereby approves the Loan Agreement between the City of Cudahy and the Successor Agency,

attached to this Resolution as **Exhibit “A.”** The Executive Director is hereby authorized and directed to execute the Loan Agreement on behalf of the Successor Agency together with technical and conforming changes which may be recommended by the City Attorney. The Executive Director is hereby further authorized and directed to cause the Loan Agreement to be included on the recognized payment obligation schedule of the Successor Agency as shall be submitted to the Los Angeles County Consolidated Oversight Board at the most feasible time after the adoption of this Resolution.

SECTION 4. **Implementation of Loan Agreement.** The Executive Director is hereby authorized and directed to take such other and further action consistent with this Resolution and the Loan Agreement and sign any documents, as necessary, in order to implement this Resolution on behalf of the Successor Agency, including without limitation the submission of a request of the Successor Agency for the Los Angeles County Consolidated Oversight Board to ratify and approve the Loan Agreement.

SECTION 5. This Resolution shall take effect upon adoption. The City Clerk shall certify to the adoption of this Resolution.

PASSED AND ADOPTED by the Successor Agency to the former Cudahy Community Development Commission at its meeting on this 25th day of August 2020.

Elizabeth Alcantar,
Mayor of the City of Cudahy, as
successor agency to the former Cudahy
Community Development Commission

ATTEST:

Richard Iglesias
Secretary to the Successor Agency

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS:
CITY OF CUDAHY)

I, Richard Iglesias, Successor Agency to the former Cudahy Community Development Commission, do hereby certify that the above and foregoing Resolution No. SA 20-04 was passed, approved, and adopted by the City Council of the City of Cudahy, signed by the Mayor and attested by the City Clerk at a meeting of said City held on this 25th day of August 2020, and that said Resolution was adopted by the following votes to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Richard Iglesias
Secretary to the Successor Agency

EXHIBIT "A"
LOAN AGREEMENT

2020

CITY OF CUDAHY

-and-

CITY OF CUDAHY AS
SUCCESSOR AGENCY TO THE
FORMER CUDAHY COMMUNITY
DEVELOPMENT COMMISSION

SUCCESSOR AGENCY DEMOLITION AND LOAN AGREEMENT

(DEMOLITION, FIRE DAMAGE DEBRIS DISPOSAL AND HAZARDOUS MATERIALS
ABATEMENT AT CUDAHY LONG RANGE PROPERTY MANAGEMENT PLAN SITE 4)

(NOT TO EXCEED: \$115,000)

THIS 2020 SUCCESSOR AGENCY DEMOLITION AND LOAN AGREEMENT (the “Loan Agreement”) is dated as of August 25, 2020 by and between the City of Cudahy, a municipal corporation (the “City”) and the City of Cudahy, as successor agency to the former Cudahy Community Development Commission, a public body corporate and politic (the “Successor Agency”) and is entered into in light of the following facts:

-RECITALS-

WHEREAS, the City authorized the formation and operation of a community redevelopment agency within the territorial jurisdiction of the City pursuant to State law; and

WHEREAS, the former Cudahy Community Development Commission undertook the redevelopment of certain areas of the City in reliance upon the provisions of State law; and

WHEREAS, the State has ordered the former Cudahy Community Development Commission to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended, and the State has ordered all real property assets of the former Cudahy Community Development Commission including certain lands and assets conveyed to the Cudahy Economic Development Corporation, a nonprofit public benefit corporation, to be recovered and transferred to the Successor Agency for disposition”;

WHEREAS, the City as Successor Agency to the former Cudahy Community Development Commission has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the recovery of lands previously transferred by the former Cudahy Community Development Commission to the

Cudahy Economic Development Corporation, a nonprofit public benefit corporation, as well as certain lands acquired by the Cudahy Economic Development Corporation following the dissolution of the former Cudahy Community Development Commission, marshaling of cash assets, non-cash assets and liabilities and the preparation of such land assets of the former Cudahy Community Development Commission for disposition and sale to third parties subject to the payment of enforceable obligations of the former Cudahy Community Development Commission under applicable State law;

WHEREAS, the Successor Agency has prepared, and the State Department of Finance has approved the document entitled: “2015 Long-Range Property Management Plan” (the “Cudahy PMP”);

WHEREAS, certain lands identified in the Cudahy PMP as “Site 4” include unoccupied and unsafe structures which have been subject to trespass and substantial fire damage in recent months as generally described in a City Staff Report dated August 25, 2020 (the “August 2020 Staff Report”), as submitted to the City Council of the City of Cudahy and the Successor Agency at the public meeting during which the agreement entitled “Demolition and Loan Agreement (Cudahy PMP Site 4)” was approved (the “Loan Agreement”); and

WHEREAS, Site 4 includes the following lands:

<u>Street Address</u>	<u>Pre-2016 Assessor Parcel No.</u>	<u>2020 Assessor Parcel No.</u>
8135 South Atlantic Ave	6224-022-001	6224-022-900
4629 Cecilia Street	6224-022-004	6224-022-904
8201 South Atlantic Ave	6224-022-002	6224-022-901
8221 South Atlantic Ave	6224-022-012	6224-022-903
4633 Cecilia Street	6224-022-003	6224-022-902

WHEREAS, while the Successor Agency undertakes and completes measures to dispose of Site 4 in accordance with the provisions with the Cudahy PMP, the remaining vacant and unsafe structures on Site 4, including previously fire damaged structures and debris, pose a risk of further trespass and potential additional fire damage to both trespasser on Site 4 and to the general public and it is necessary and appropriate to abate the existing public nuisance on Site 4;

WHEREAS, the Successor Agency does not have funds available to pay for the cost of abating the public nuisance which currently exists on Site 4 as described in the August 2020 Staff Report and has further determined that the amount of funds which are

reasonably estimated to be remitted to the Successor Agency from the Redevelopment Property Tax Trust Fund for the former Cudahy Community Development Commission, for the period of time between July 1, 2020 and June 30, 2021 under “Cudahy ROPS 2020-21,” as this term is described in the next paragraph, together with the cash and other immediately available funds which are reasonably estimated to be available to the Successor Agency or on deposit in the Redevelopment Obligation Retirement Fund of the Successor Agency on or after July 1, 2021, after deducting all previously scheduled payments of principal and interest on the bonded indebtedness identified in Cudahy ROPS 2020-21 for the period of time preceding Cudahy ROPS 2021-22, will not be sufficient to both the costs required to abate the public nuisance on Site 4 and to also pay the enforceable obligations of the Successor Agency to third parties, including trustees under bond trust indentures, which shall become due and payable during the period of time covered by Cudahy ROPS 2020-21 or Cudahy ROPS 2021-22;

WHEREAS, the City and the Successor Agency have each received and approved the August 2020 Staff Report, and both the City Council and the Successor Agency have determined that in order to abate the public nuisance on Site 4 and to protect the public health and safety pending the disposition of the Site 4 lands to a third party as part of the redevelopment dissolution process it is necessary and appropriate to enter into the Loan Agreement, as herein provided below.

FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS HEREINAFTER SET FORTH, THE CITY AND SUCCESSOR AGENCY AGREE AS FOLLOWS:

SECTION 1. **Recitals and Purpose**. The City Council of the City of Cudahy has determined that as of August 25, 2020, conditions exist on Site 4 which constitute a public nuisance. The purpose of this Loan Agreement is to satisfy the provisions of Health and Safety Code Section 34173(h) and to evidence the enforceable obligation of the Successor Agency which arises in favor of the City, for the Successor Agency to obtain immediate funds to pay for the correction of certain conditions on Site 4 which are a public nuisance and to protect the public health, safety and welfare as part of the disposition of Site 4, and for the Successor Agency to comply with its obligations under the State Redevelopment Dissolution Law and other applicable State law.

SECTION 2. **Loan**. The City hereby agrees to loan to the Successor Agency from the available funds of the City a sum not-to-exceed ONE HUNDRED FIFTEEN THOUSAND DOLLARS (\$115,000) to be used and applied by the Successor Agency solely as set forth in Section 3 (the “Loan”). The note-to-exceed amount of the Loan includes a contingency amount to pay for additional demolition and fire damage debris removal expenses of AIR, Inc., under a separate contract by and between the City and AIR, Inc. as relates to the performance by AIR, Inc., of demolition and public nuisance abatement work on Site 4 as a public works contractor to the City. Subject to the approval of this Loan Agreement by the Los Angeles County Consolidated Oversight Board, the City shall make the proceeds of the Loan available to the Successor Agency to abate the public nuisance on Site 4 upon receipt of one or more written Loan Draw Requests,

executed by the Executive Director of the Successor Agency which references Section 3 and Section 4 of this Loan Agreement, as AIR, Inc. undertakes the work on Site 4 described in the August 2020 Staff Report.

SECTION 3. **Use of the Loan.** The Successor Agency shall utilize the proceeds of the Loan as follows:

to abate the public nuisance conditions on Site 4 as generally described in the August 2020 Staff Report and protect the public health, safety and welfare upon the demolition of unsafe structures, fire damage debris disposal and abatement and removal of hazardous materials on the Site 4 Lands.

SECTION 4. **Source of Repayment of the Loan: Limited Subordination.**

- (A) Except as provided in paragraph (B) of this Section 4, the Loan shall be repaid by the Successor Agency to the City on par with any other enforceable obligation of the Successor Agency falling within Health and Safety Code Section 34183(a)(2)(C).
- (B) Any portion of the unpaid principal balance of the Loan shall also be repaid by the Successor Agency from other revenues available to the Successor Agency, such as from the cash proceeds of the disposition of land held for resale to third persons including without limitation Site 4, net of the actual and reasonable expenses of such disposition of land held for resale to third persons. Payments of the Loan, if any, under this paragraph (B) shall augment and supplement the required payments described in paragraph (A).

SECTION 5. **Placement of Loan Obligation on the Successor Agency's Cudahy ROPS 2021-22.** Provided that this Loan Agreement is approved, the Successor Agency shall prepare and approve Cudahy ROPS 2021-22 which includes the Loan Agreement as a listed enforceable obligation on Cudahy ROPS 2021-22. The amount of the listed obligation shall be the lesser amount of the actual costs and expenses as paid by the City to AIR, Inc. for the demolition work on the Site 4 lands or the not-to-exceed Loan amount as set forth in Section 2. This Loan Agreement shall be included on each successive recognized obligation payment schedule for the Successor Agency until the City is repaid the principal balance of the Loan amount as actually drawn by the Successor Agency as evidenced by the written Loan Draw Requests as set forth in Section 2. The City Manager of the City shall establish a loan repayment ledger for the Loan and shall cause the outstanding unpaid principal balance of the Loan to the Successor Agency, as hereby approved, to be identified in the accounting records of the City, as a financial asset of the City which is payable to the City by the Successor Agency, in accordance with the terms set forth herein.

SECTION 6. **Interest Payable on Loan.** Interest shall accrue on the outstanding principal balance of the Loan from the date of each Loan Draw Request at the maximum rate of interest authorized by the State Redevelopment Dissolution Law until all principal and accrued and unpaid interest is repaid in full by the Successor Agency to the City.

SECTION 7. **Term.** This Loan Agreement shall be in full force and effect from the date hereof until such time as the unpaid principal balance of the Loan has been repaid in full to the City.

SECTION 8. **Entire Agreement.** This Loan Agreement constitutes the entire agreement by and between the City and the Successor Agency with respect to the subject matter of this Loan Agreement, and may be amended only in writing.

SECTION 9. **Notice of Default and Remedies.** In the event of a default, the party who alleges a default shall give the other party thirty (30) days written notice of such default, with a copy of such notice of default to the Los Angeles County Consolidated Oversight Board and to the State Department of Finance. In the event that the party who is alleged to be in default does not promptly initiate a cure of the alleged default, and the applicable party hereto shall be entitled to pursue any and all remedies available under California law for purposes of enforcing the terms and conditions of this Loan Agreement.

APPROVED AND EXECUTED by signature of the authorized representatives of the City and the Successor Agency as of August 25, 2020.

[SIGNATURES FOLLOW ON NEXT PAGE]

CITY:

City of Cudahy, a municipal corporation

By: _____
City Manager

ATTEST:

By: _____
Assistant City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

SUCCESSOR AGENCY:

City of Cudahy As Successor Agency to the former Cudahy Community Development Commission, a public body corporate and politic

ATTEST:

By: _____
Executive Director

By: _____
Secretary to the Successor Agency

APPROVED AS TO FORM:

By: _____
City Attorney



Item Number 5B

STAFF REPORT

Date: August 25, 2020
To: Honorable Mayor/Chair and City Council/Agency Members
From: Henry Garcia, Interim City Manager / Executive Director
By: Steven Dobrenen, Finance Director
Subject: **Consideration to Receive and Review Development Impact Fee Analysis Presentation**

RECOMMENDATION

The City Council is requested to receive and review Development Impact Fee Analysis, and receive a presentation by Willdan Financial highlighting the Development Impact Fee analysis.

BACKGROUND

1. On February 18, 2020 at the Regular City Council Meeting, City Council approved a Master Services Contract with Willdan Financial to development impact fee study analysis.
2. On March 10, 2020 Willdan Financial had a kickoff meeting with city staff to discuss potential impact fee categories.
3. On July 31, 2020, Willdan Financial finalized the Development Impact Fee Study.
4. On August 21, 2020, the public hearing notice for the proposed Ordinance was published in the Long Beach Press Telegram for a period of ten days prior to the public hearing meeting on September 1, 2020, and will be published again on August 28, 2020.

DISCUSSION

The purpose of this item is to receive a presentation from Willdan Financial summarizing the methodology used to develop impact fees as well as present its findings.

The Development Impact Fee Analysis is the first of three studies approved by City Council on February 18th, 2020 and is the only study subject for discussion tonight. The User Fee Study along with the Cost Allocation Plan as its exhibit will be presented at a future council meeting early next year.

Council and residents are invited to review the proposed ordinance that will be formally placed for first reading approval on the September 1, 2020 Regular Council meeting, as well as the findings in the Development Impact Fee Study, and voice any comments regarding the items.

ANALYSIS

The Development Impact Fees (DIF) Study is designed to address the concerns of the residents of the impact of future City growth. DIFs are paid by developers to mitigate the impacts of their development. Willdan identified four categories where DIFs can mitigate impacts:

- Increased traffic
- Increased needs for parking
- Parks and Recreation
- Government facilities

The City's adopted General Plan estimates that as a result of developing the City in accordance with its adopted guidelines, there will be an increase of 1,440 Dwelling Units representing an increase of 6,440 Residents. An additional 8,981 jobs will be created when developing the City in accordance with guidelines in the General Plan. This growth will result in a future demand for facilities relating to traffic, parking, and government facilities. The growth will decrease the ratio of parkland per 1,000 residents and thus a need for new parkland to maintain the level of parkland per 1,000 residence.

Since March, Willdan has reviewed and coordinated with the City to determine what has changed in terms of facilities and needs for the fee categories. Willdan staff communicated with the City in advance to determine whether there were any initial policy direction or guidance on new fees. Willdan further updated the demographics and presented the City with the facilities list and discussed the status for each fee type. Additionally, Willdan worked with the City to implement an impact fee program that ensures new development pays its fair share of infrastructure while being mindful of the overall fee burden on new development.

Establishing a Development Fee Schedule that best addresses the City's future growth is crucial to ensure that City residents' current and future needs are met. The adoption of the Cudahy

2040 General Plan has led to an influx of developments. However, due to a lack of a Development Impact Fee Schedule, the City has not been able to charge fees to those developments that would be used to fund future facility expansions that would benefit its residents. This has led to a negative correlation: As development increases, service levels will decrease for existing residents. Therefore, it is necessary for new development to mitigate its impacts to the City.

Proposed DIFs would be used to address resident needs for facility and services expansion. Additionally, the study proposes an updated quimby fee that would be used for rehabilitating dilapidated park facilities.

CONCLUSION

The City Council is recommended to review and discuss the proposed Development Impact Fee Analysis. Currently, the City does not have an Impact Fee schedule and therefore does not have a dedicated revenue stream to address the needs of our residents as the City experiences growth, accelerated by the recently adopted General Plan.

ATTACHMENTS

- A. Development Impact Fee Study Presentation
- B. Development Impact Fee Analysis

Development Impact Fee Study



August 2020



Introduction

- Willdan was hired per City Council direction to update the City's user fees, and to create a *development impact fee (DIF)* program
 - Tonight's topic: development impact fees
 - User fees will be presented later
- DIFs are paid by developers to mitigate the impacts of their development
- *Existing residents and businesses do not pay impact fees*

What are impact fees?

- One-time fees charged to new development, usually at building permit
 - **Not an ongoing fee charged to residents or business owners**
- May be used to fund facilities needed to serve new development
 - **Not for operations and maintenance costs**
 - **Not for the share of facilities serving existing development**

Why consider impact fees?

- Cudahy recently updated its General Plan which identified significant opportunities for infill development and intensification of development
- As development occurs service levels will decrease for existing residents, unless new development mitigates its impact
- Impact fees hold developers accountable for external costs (increased traffic, lower service levels for existing residents, etc.) and provide a funding source to mitigate impacts to facilities

Mitigation Fee Act Findings (Govt. Code §66001)

- Key findings
 - **Need**: Development \approx Need for facilities
 - **Benefit**: Development \approx Use of revenue
 - **Rough proportionality**: Fee amount \approx development's share of facility costs
- Other findings
 - Purpose of fee
 - Use of fee revenue



Conducting an Impact Fee Nexus Study

Impact Fees – Basic Methodology

1. Estimate existing development and future growth
2. Identify facility standards
3. Determine new facility needs and costs
4. Allocate share to accommodate growth
5. Identify alternative funding needs
6. Calculate fee by allocating costs per unit of new development

General Plan Projections through Buildout

- Increase of 1,440 Dwelling Units
- Increase of 6,440 Residents
- Additional 8,981 jobs will be created

The City's General Plan provides a vision for the future. The General Plan envisions making Cudahy a desirable place to live and work. These changes and growth within the City will result in a future demand for facilities relating to traffic, parking, and government facilities. The projected growth will decrease service standards unless development mitigates its impact.

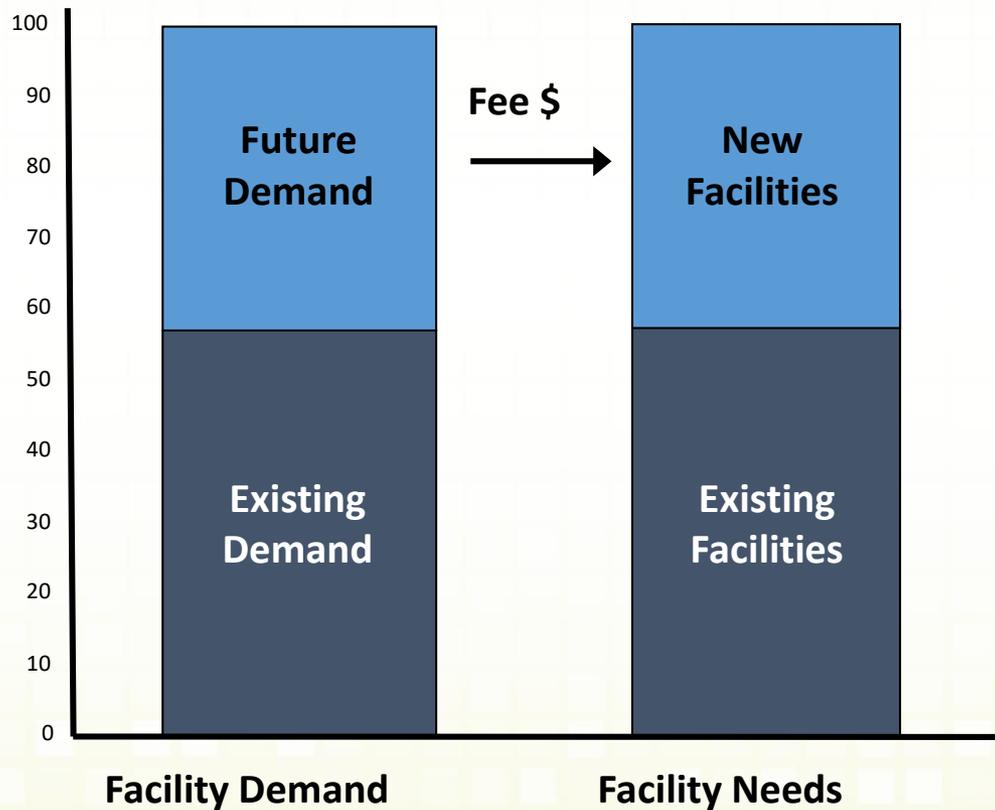
City of Cudahy Growth Projections

City of Cudahy Growth Projections

	2020	Buildout	Increase
Residents	24,164	30,607	6,443
Dwelling Units			
Single Family	3,460	4,323	863
Multifamily	<u>2,320</u>	<u>2,899</u>	<u>579</u>
Total	5,780	7,222	1,442
Building Square Feet (000s)	1,283	5,173	3,890
Employment			
Commercial	1,105	4,455	3,350
Office	1,318	5,314	3,996
Industrial	<u>539</u>	<u>2,174</u>	<u>1,635</u>
Total	2,962	11,943	8,981

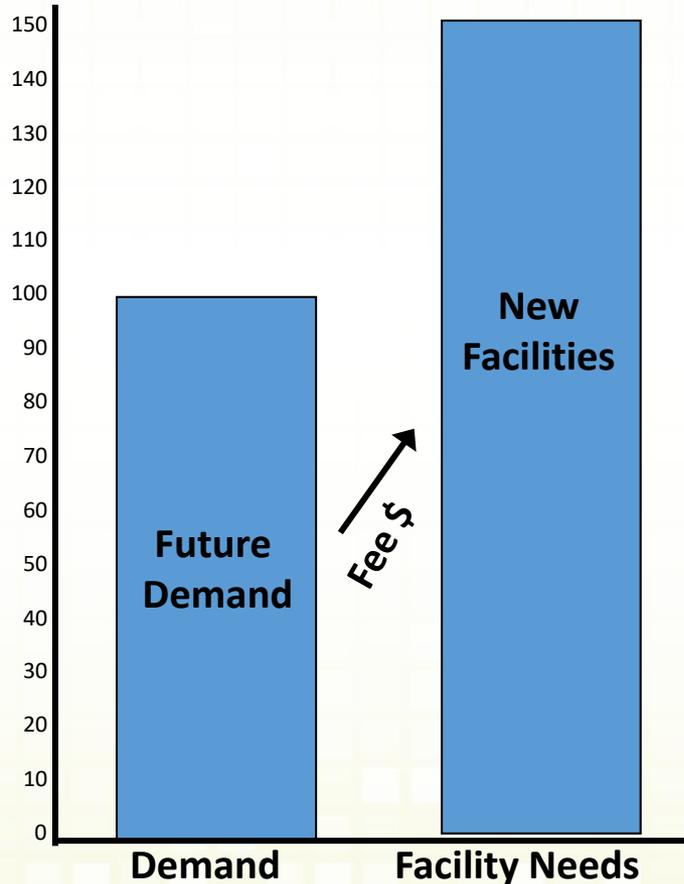
Sources: Cudahy 2040, General Plan, 2017; California Department of Finance (DOF), Table E-5, 2020; U.S. Census Bureau, OnTheMap Application, <http://onthemap.ces.census.gov>, Willdan Financial Services.

Allocating Cost of New Facilities: *Existing Inventory*



Allocating Cost of New Facilities: *Planned Facilities Method*

Planned Facilities Method



- Use engineering models to demonstrate need for facilities to serve growth
- Usually applicable for traffic & utility fees
- May also have deficiencies that must be funded by alternative revenues

City of Cudahy Impact Fee Categories

Existing Standard:

- Parks and Recreation
- General Government

Planned Facilities Standard:

- Traffic Facilities
- Parking Facilities

Major Planned Facilities

Traffic Facilities

- Wilcox Avenue Complete Streets and Safe Routes to School (SRTS) Project
- Clara Bridge Improvement Project
- Salt Lake Avenue Pedestrian Safety Enhancement Project
- Cudahy Citywide Complete Streets Improvement Project
- West Santa Ana Branch (Eco-Rapid) Light Rail project

Parks and Recreation Facilities

- Between 4.45 and 19.33 acres of new parkland to maintain City's parkland standard, or to meet the 3.0 acre per 1,000 resident *Quimby Act* standard

General Government Facilities

- Share of new government center

Parking Facilities

- Additional parking spaces needed to meet City's parking standards

Impact Fee Revenue Projections

Impact Fee Revenue Projections

Fee Category	Total Project Cost	Projected Impact Fee Revenue	Additional Funding Required
Traffic Facilities	\$ 28,256,598	\$ 13,670,799	\$ 14,585,799
Parks and Recreation Facilities ¹	14,601,000	14,601,000	-
General Government Facilities	<u>2,869,597</u>	<u>2,869,597</u>	<u>-</u>
Total	\$ 45,727,195	\$ 31,141,396	\$ 14,585,799

¹ Total project cost shown if no development occurs in subdivisions. Impact fees will fully fund new development's share of park and recreation facilities.

Maximum Justified Impact Fee Schedule

Maximum Justified Impact Fee Schedule

Land Use	Traffic Facilities	Parks and Recreation Facilities ¹	General Government Facilities	Total (Onsite Parking) ²
<i>Residential - Fee per Dwelling Unit</i>				
Single Family	\$ 2,037	\$ 11,624	\$ 1,395	\$ 15,056
Multifamily	1,365	10,303	1,237	12,905
<i>Nonresidential - Fee per 1,000 Sq. Ft.</i>				
Commercial	\$ 3,174	\$ -	\$ 196	\$ 3,370
Office	3,174	-	233	3,407
Industrial	1,945	-	110	2,055

¹ Mitigation Fee Act fee shown. Quimby fees in lieu of parkland dedication only apply to development occurring in subdivisions. Quimby in-lieu fees are \$37,884 per single family unit and \$33,579 per multifamily unit.

² Assumes that development project provides parking onsite. Maximum justified fee of \$29,170 in-lieu of providing one space onsite. Refer to City's municipal code parking standards for detailed parking requirements.

Fee Revenue Example: 48 Units

Potential Fee Revenue: 48 Unit Multifamily Building

<u>Fee Category</u>	<u>No Subdivision</u>	<u>With Subdivision</u>
Traffic Facilities	\$ 65,520	\$ 65,520
Parks and Recreation Facilities	494,544	1,611,792
General Government Facilities	59,376	59,376
Parking Facilities (Provided Onsite)	-	-
Total	\$ 619,440	\$ 1,736,688

Impact Fee Implementation Policy Options

- Adopt a fee schedule to coincide with the enacting ordinance
- Phase in fee increases over two years
- Include annual inflation adjustments to fee schedule



QUESTIONS

CITY OF CUDAHY

DEVELOPMENT IMPACT FEE STUDY

FINAL

JULY 31, 2020



Oakland Office

1939 Harrison Street
Suite 430
Oakland, CA 94612
Tel: (510) 832-0899
Fax: (510) 832-0898

Corporate Office

27368 Via Industria
Suite 110
Temecula, CA 92590
Tel: (800) 755-MUNI (6864)
Fax: (909) 587-3510

Other Regional Offices

Cudahy, CA
Memphis, TN
Orlando, FL
Phoenix, AZ
Sacramento, CA
Seattle, WA

www.willdan.com

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Executive Summary

This report summarizes an analysis of development impact fees needed to support future development in The City of Cudahy through buildout of the City's General Plan. 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:

- Traffic Facilities
- Parks and Recreation Facilities
- General Government Facilities
- Parking 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. The primary purpose of this report is to calculate and present fees that will enable the City to expand its inventory of public facilities, as new development creates increases in service demands.

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

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

Facility Standards and Costs

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

The **existing inventory** approach is based on a facility standard derived from the City's existing level of facilities and existing demand for services. This approach results in no facility deficiencies attributable to existing development. This approach is often used when a long-range plan for new facilities is not available. Only the 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 capital improvement plan and budget process and/or completion of a new facility master plan. This approach is to calculate the parks and recreation fees and the general government facilities fees in this report.

The **planned facilities** approach allocates costs based on the ratio of planned facilities that serve new development to the increase in demand associated with new development. This approach is appropriate when specific planned facilities that only benefit new development can be identified, or when the specific share of facilities benefiting new development can be identified. Examples include street improvements to avoid deficient levels of service or a sewer trunk line extension to a previously undeveloped area. This approach is used to calculate the traffic facilities and the parking in-lieu 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 not used in this report.

Use of Fee Revenues

The Mitigation Fee Act requires that this analysis "Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged."¹ Each chapter in this report identifies the appropriate use of impact fee revenues for each particular impact fee category.

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, infrastructure, the acquisition of vehicles or equipment, information technology, software licenses and equipment.

Development Impact Fee Schedule Summary

Table E.1 summarizes the development impact fees that meet the City's identified needs and comply with the requirements of the *Mitigation Fee Act*. The table shows fees for development projects that meet their parking requirements onsite. Projects that cannot meet onsite parking requirements can pay the parking in-lieu fee for each required offsite parking space.

¹ California Government Code §66001 (a) (2).

Table E.1: Maximum Justified Impact Fee Summary

Land Use	Traffic Facilities	Parks and Recreation Facilities ¹	General Government Facilities	Total (Onsite Parking) ²
<i>Residential - Fee per Dwelling Unit</i>				
Single Family	\$ 2,037	\$ 11,624	\$ 1,395	\$ 15,056
Multifamily	1,365	10,303	1,237	12,905
<i>Nonresidential - Fee per 1,000 Sq. Ft.</i>				
Commercial	\$ 3,174	\$ -	\$ 196	\$ 3,370
Office	3,174	-	233	3,407
Industrial	1,945	-	110	2,055

¹ Mitigation Fee Act fee shown. Quimby fees in lieu of parkland dedication only apply to development occurring in subdivisions. Quimby in-lieu fees are \$37,884 per single family unit and \$33,579 per multifamily unit.

² Assumes that development project provides parking onsite. Maximum justified fee of \$29,170 in-lieu of providing one space onsite. Refer to City's municipal code parking standards for detailed parking requirements.

Sources: Tables 3.5, 4.9, 5.5.

Other Funding Needed

Impact fees may only fund the share of public facilities related to new development in Cudahy. 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 \$14.6 million in additional funding will be needed to complete the facility projects the City currently plans to develop if fees are adopted at the maximum justified fee level. The “Additional Funding Required” column shows non-impact fee funding required to fund a share of the improvements partially funded by impact fees. Non-fee funding is needed because these facilities are needed partially to remedy existing deficiencies and partly to accommodate new development. To the extent that the City adopts fees that are lower than the maximum justified amount, the non-fee funding requirements may increase, depending on the fee category and methodology.

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: Additional Funding Required

Fee Category	Total Project Cost	Projected Impact Fee Revenue	Additional Funding Required
Traffic Facilities	\$ 28,256,598	\$ 13,670,799	\$ 14,585,799
Parks and Recreation Facilities ¹	14,601,000	14,601,000	-
General Government Facilities	<u>2,869,597</u>	<u>2,869,597</u>	-
Total	\$ 45,727,195	\$ 31,141,396	\$ 14,585,799

¹ Total project cost shown if no development occurs in subdivisions. Impact fees will fully fund new development's share of park and recreation facilities.

Sources: Tables 3.3, 4.6 and 5.4.

1. Introduction

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

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

Public Facilities Financing in California

The changing fiscal landscape in California during the past 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;
- Unfunded state and federal mandates; and,
- Steep reductions in federal and state assistance.

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

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. The primary purpose of this report is to establish impact fees for Cudahy to ensure that growth pays its own way. The proposed fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands.

The City can impose 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.

Cudahy is nearly built out but anticipates some growth forecast through the buildout of the General Plan. While the magnitude of growth is small, the lack of available space to provide public facilities will present many challenges in accommodating even small increases in service population. This growth will create an increase in demand for public services and the facilities

required to deliver them. Given the revenue challenges described above, Cudahy has decided to use a development impact fee program to ensure that new development funds the share of facility costs associated with growth. This report makes use of the most current available growth forecasts and facility plans to create an impact fee program for the City 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

Several 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 **existing inventory method**, the **planned facilities method**, and the **system plan method**. The formula used by each approach and the advantages and disadvantages of each method is summarized below:

Existing Inventory Method

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

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

Under this method new development will fund the expansion of facilities at the same standard currently serving existing development. The existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Only the initial facilities to be funded with fees are identified in the fee study. Future facilities to serve growth are identified through an annual capital improvement plan and budget process, possibly after completion of a new facility master plan. This approach is to calculate the parks and recreation fees and the general government 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 Wastewater trunk line extension to a previously undeveloped area. An example of the latter is a portion of a roadway that has been identified as necessary to mitigate the impact from new development through traffic modeling analysis. Under this method new development will fund the expansion of facilities at the standards used in the applicable planning documents. This approach is used to calculate the traffic facilities and parking in-lieu 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 not used 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 the following facility categories:

- Traffic Facilities
- Parks and Recreation Facilities
- General Government Facilities
- Parking Facilities In-Lieu Fee

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 2020 base year and a planning horizon of buildout of the City's General Plan.

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 2020 is used as an indicator of existing facility demand and to determine existing facility standards.
- The estimate of total development at buildout of the General Plan 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 2020 through buildout are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

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

Land Use Types

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

- **Single family:** Detached and attached one-unit dwellings.
- **Multifamily:** All attached multifamily dwellings including duplexes and condominiums.
- **Commercial:** All commercial, retail, educational, and hotel/motel development.
- **Office:** All general, professional, and medical office development.
- **Industrial:** All warehouse, 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. Another similar situation would be a warehousing facility that contains office space. In those cases, the facilities fee would be calculated separately for each land use type included within the building.

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.

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, employees, and building square feet in Cudahy, both in 2020 and at buildout of the City's General Plan. The base year estimates of residents and dwelling units comes from the California Department of Finance. The future dwelling unit projection total is based on the increase in dwelling units from the City's General Plan and assumes that the proportion of single family to multifamily units will remain constant through buildout. The projection of residents at buildout also comes from the City's General Plan.

Estimates of existing and projected building square footage come from the City's General Plan "Realistic Buildout" Scenario in General Plan Table LU 4.

Estimates of base year employees come from the U.S. Census Bureau, LEHD Origin-Destination Employment Statistics, OnTheMap Application. Future employees are estimated based on the increase in nonresidential building square footage and assume the same ratio of commercial to office to industrial employees as currently exists in the City.

Table 2.1: Citywide Demographic Assumptions

	2020	Buildout	Increase
Residents ¹	24,164	30,607	6,443
Dwelling Units ²			
Single Family	3,460	4,323	863
Multifamily	<u>2,320</u>	<u>2,899</u>	<u>579</u>
Total	5,780	7,222	1,442
Building Square Feet (000s) ³	1,283	5,173	3,890
Employment ⁴			
Commercial	1,105	4,455	3,350
Office	1,318	5,314	3,996
Industrial	<u>539</u>	<u>2,174</u>	<u>1,635</u>
Total	2,962	11,943	8,981

¹ Current population from California Department of Finance (DOF).

Projection total for buildout from General Plan, Table LU 4.

² Current values from DOF. Total dwelling units at buildout is from the General Plan, Table LU 4.

³ Estimates of existing and projected building square footage from the City's General Plan "Realistic Buildout" Scenario in Table LU 4.

⁴ Base year from US Census OnTheMap Application and excludes local government workers. Total at buildout based on increasing total workers proportional to increase in projected building square footage from General Plan. Allocation to land uses at buildout based on current proportions.

Sources: Cudahy 2040, General Plan, 2017; California Department of Finance (DOF), Table E-5, 2020; 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 or building square feet. Occupant density assumptions ensure a reasonable relationship between the size of a development project, the increase in service population associated with the project, and the amount of the fee.

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

The average occupant density factors used in this report are shown in **Table 2.2**. The residential density factors are based on data for Cudahy from the 2018 U.S. Census' American Community Survey, the most recent data available.

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 Cudahy, 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 specific to Los Angeles County.

Table 2.2: Occupant Density

<i>Residential</i>		
Single Family	4.40	Residents Per Dwelling Unit
Multifamily	3.90	Residents Per Dwelling Unit
<i>Nonresidential</i>		
Commercial	2.00	Employees per 1,000 square feet
Office	2.37	Employees per 1,000 square feet
Industrial	1.12	Employees per 1,000 square feet

Sources: U.S. Census Bureau, 2018 American Community Survey 5-Year Estimates, Tables B25024 and B25033; The Natelson Company, Inc., Employment Density Study Summary Report, prepared for the Southern California Association of Governments, October 31, 2001, Los Angeles County data; Willdan Financial Services.

3. Traffic Facilities

This chapter summarizes an analysis of the need for transportation improvements, including intersection improvements, sidewalks, and roadway, to accommodate new development. The chapter documents a reasonable relationship between new development and the impact fee for funding of these facilities.

Trip Demand

The need for transportation facilities is based on the trip demand placed on the system by development. A reasonable measure of demand is the number of PM peak hour vehicle trips, adjusted for the type of trip. Vehicle trip generation rates are a reasonable measure of demand on the City's system of street improvements across all modes because alternate modes (transit, bicycle, pedestrian) often substitute for vehicle trips.

The two types of trips adjustments made to trip generation rates to calculate trip demand are described below:

- Pass-by trips are deducted from the trip generation rate. Pass-by trips are intermediates stops between an origin and a final destination that require no diversion from the route, such as stopping to get gas on the way to work.
- The trip generation rate is adjusted by the average length of trips for a specific land use category compared to the average length of all trips on the street system.

These adjustments allow for a holistic quantification of trip demand that takes trip purpose and length into account for fee calculation purposes.

Table 5.1 shows the calculation of trip demand factors by land use category based on the adjustments described above. Data is based on extensive and detailed trip surveys conducted in the San Diego region by the San Diego Association of Governments. It is reasonable to assume that traffic generation patterns are similar between the San Diego region and the Los Angeles region. The surveys provide one of the most comprehensive databases available of trip generation rates, pass-by trips factors, and average trip length for a wide range of land uses. It should be noted that the projections of current and future trip generation in this report are based on data specific to the City of Cudahy.

Table 3.1: Trip Rate Adjustment Factors

	Primary Trips ¹	Diverted Trips ¹	Total Excluding Pass-by ¹	Average Trip Length ²	Adjustment Factor ³	ITE Category	PM Peak Hour Trips ⁴	Trip Demand Factor ⁵
	A	B	C = A + B	D	E = C x D		F	G = E x F
<i>Residential</i>								
Single Family	86%	11%	97%	7.9	1.11	Single Family Housing (210)	1.00	1.11
Multifamily	86%	11%	97%	7.9	1.11	Apartment (220)	0.67	0.74
<i>Nonresidential - per Employee</i>								
Commercial	47%	31%	78%	3.6	0.41	Shopping Center (820)	1.89	0.77
Office	77%	19%	96%	8.8	1.22	General Office (710)	0.45	0.55
Industrial	79%	19%	98%	9.0	1.28	General Light Industrial (110)	0.68	0.87
<i>Nonresidential - per 1,000 Sq. Ft.</i>								
Commercial	47%	31%	78%	3.6	0.41	Shopping Center (820)	4.21	1.73
Office	77%	19%	96%	8.8	1.22	General Office (710)	1.42	1.73
Industrial	79%	19%	98%	9.0	1.28	General Light Industrial (110)	0.83	1.06

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

² In miles. Based on SANDAG data.

³ The trip adjustment factor equals the percent of non-pass-by trips multiplied by the average trip length and divided by the systemwide average trip length of 6.9 miles.

⁴ Trips per dwelling unit or per 1,000 building square feet.

⁵ The trip demand factor is the product of the trip adjustment factor and the trip rate.

Sources: San Diego Association of Governments, Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region, April 2002; Institute of Traffic Engineers, Trip Generation, 10th Edition; Willdan Financial Services.

Trip Growth

The planning horizon for this analysis is buildout. **Table 3.2** lists the 2020 and buildout land use assumptions used in this study. The trip demand factors calculated in Table 3.1 are multiplied by the existing and future dwelling units and employment to determine the increase in trips caused by new development.

Table 3.2: Citywide Land Use Scenario and Total Trips

Residential	Trip Demand Factor	2020		Growth 2020 to Buildout		Total - Buildout	
		Units / Employees	Trips	Units / Employees	Trips	Units / Employees	Trips
<i>Residential - Dwelling Units</i>							
Single Family	1.11	3,460	3,841	863	958	4,323	4,799
Multifamily	0.74	2,320	1,725	579	431	2,899	2,156
Subtotal		5,780	5,566	1,442	1,389	7,222	6,955
<i>Nonresidential - Employees</i>							
Commercial	0.77	1,105	856	3,350	2,596	4,455	3,452
Office	0.55	1,318	724	3,996	2,193	5,314	2,917
Industrial	0.87	539	469	1,635	1,423	2,174	1,892
Subtotal		2,962	2,049	8,981	6,212	11,943	8,261
Total			7,615		7,601		15,216
			50.0%		50.0%		100%

Sources: Tables 2.1 and 3.1.

Planned Facilities

Table 3.3 summarizes the City's planned transportation projects from its Capital Improvement Program. The table also allocates a share of each project to the impact fee program. The allocation of 50-percent project responsibility is based on new development's share of total trips at the planning horizon, as shown in Table 3.2. Projects that do not expand capacity are not allocated to the fee program. In total, the City identified \$28.3 million of transportation projects, of which \$13.7 million has been allocated to new development through this impact fee.

Table 3.3: Transportation Project Costs and Allocation to New Development

	Total Project Cost	Allocation to New Development	Cost Allocated to New Development
Wilcox Avenue Complete Streets and Safe Routes to School (SRTS) Project	\$ 1,344,000	50%	\$ 672,000
Cecilia St., Ardine St., Patata St., and Atlantic Ave., Street Improvement Project	915,000	0%	-
Clara Bridge Improvement Project – Phase I	363,500	50%	181,750
Salt Lake Avenue Pedestrian Safety Enhancement Project	396,500	50%	198,250
Cudahy Citywide Complete Streets Improvement Project (Atlantic Ave Improvements)	3,237,598	50%	1,618,799
West Santa Ana Branch (Eco-Rapid) Light Rail project	<u>22,000,000</u>	50%	<u>11,000,000</u>
Total	\$ 28,256,598		\$ 13,670,799

Sources: City of Cudahy Capital Improvement Projects Upcoming Projects for FY 2019/20 to FY 2021/22; City of Cudahy; Willdan Financial Services.

Cost Per Trip

Every impact fee consists of a dollar amount, or the cost of projects that can be funded by a fee, divided by a measure of development. In this case, all fees are first calculated as a cost per trip demand unit. Then these amounts are translated into housing unit (cost per dwelling unit) and nonresidential building space (cost per 1,000 building square feet) by multiplying the cost per trip by the trip generation rate for each land use category. These amounts become the fee schedule.

Table 3.5 calculates the cost the cost per trip demand unit by dividing the costs allocated to new development from Table 3.3 by the growth in trip demand from Table 3.2.

Table 3.4: Cost per Trip

Costs Allocated to New Development	\$ 13,670,799
Growth in Trips	<u>7,601</u>
Cost per Trip	\$ 1,799

Sources: Tables 3.2 and 3.3.

Fee Schedule

Table 3.5 shows the maximum justified traffic facilities fee schedule. The maximum justified fees are based on the cost per trip shown in Table 3.4. The cost per trip is multiplied by the trip demand factors in Table 3.1 to determine a fee per unit of new development. The total fee includes a two-percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

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

Table 3.5: Traffic Facilities Impact Fee Schedule

Land Use	A	B	C = A x B		D = C x 0.02	E = C + D	E / 1,000
	Cost Per Trip	PM Peak Hour Trip Rate	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹	Fee per Sq. Ft.	
<i>Residential - per Dwelling Unit</i>							
Single Family	\$ 1,799	1.11	\$ 1,997	\$ 40	\$ 2,037		
Multifamily	1,799	0.74	1,338	27	1,365		
<i>Nonresidential - per Building Square Feet</i>							
Commercial	\$ 1,799	1.73	\$ 3,112	\$ 62	\$ 3,174	\$ 3.17	
Office	1,799	1.73	3,112	62	3,174	3.17	
Industrial	1,799	1.06	1,907	38	1,945	1.95	

¹ Fee per dwelling unit, 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 3.1 and 3.5; Willdan Financial Services.

4. Parks and Recreation Facilities

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

The following chapter documents the nexus analysis, demonstrating the need for new parks, recreation, and community center facilities demanded by new development.

Service Population

Table 4.1 shows the existing and future projected service population for park facilities from 2020 through the planning horizon of buildout. Population growth is projected using the demographic assumptions in Table 2.1.

Table 4.1: Park and Recreation Facilities Service Population

	Residents
Existing (2020)	24,164
Growth (2020 to Buildout)	<u>6,443</u>
Total (Buildout)	30,607

Source: Table 2.1.

Existing Parkland and Park Facilities Inventory

The City of Cudahy maintains several parks and recreation facilities throughout the city. **Table 4.2** summarizes the City's existing parkland inventory in 2020. All facilities are owned by the City, or the City has a joint use agreement for their use. In total, the inventory includes a total of 16.77 acres of parkland.

Table 4.2: Park Land Inventory

Name	Developed Acres
Cudahy Park	7.74
Clara Street Park	4.08
Clara Street Park Expansion	0.71
Lugo Park	4.24
River Road Pocket Park	<u>0.25</u>
Total - Parkland	16.77

Source: City of Cudahy.

Table 4.3 summarizes the City’s inventory of park buildings and special facilities. The total value of these facilities is divided by the total developed park acres to determine the value of existing park buildings per acre.

Table 4.3: Park Building and Special Use Facilities Inventory

	Inventory Units	Unit Cost	Replacement Cost
Bedwell Hall	7,446 Sq. Ft.	266	\$ 1,978,809
Clara Street Park	25,448 Sq. Ft.	173	4,397,347
Lugo Park Community Center	15,228 Sq. Ft.	101	1,542,096
	48,122		\$ 7,918,252
Total Park Acres			16.77
Building and Special Use Facilities Cost per Acre			\$ 472,074

Sources: City of Cudahy; Table 4.2, Willdan Financial Services.

Parkland and Park Facilities Unit Costs

Table 4.4 displays the unit costs necessary to develop parkland in Cudahy. The buildings and special use facilities cost per acre from Table 4.3 is added to the cost of an acre of standard park improvements to determine the total improvement cost per acre. A value of \$2.5 million per acre for land is based on data regarding recent sales of land in the City, as reported by CoStar, and several appraisals that the City recently commissioned. The land value per acre is also consistent with other land value assumptions used in this report. In total, this analysis assumes that it costs \$3.8 million to acquire and develop an acre of parkland in Cudahy.

Table 4.4: Park Facilities Unit Costs

	Cost Per Acre	Share of Total Costs
<u>Improvements</u>		
Standard Park Improvements ¹	\$ 748,000	
Building and Special Use Facilities	<u>472,074</u>	
Subtotal	\$ 1,220,074	33%
<u>Land Acquisition</u>		
	<u>\$ 2,533,000</u>	<u>67%</u>
Total Cost per Acre	\$ 3,753,074	100%

¹ Improvement costs are estimated at \$748,000 per acre for site improvements (curbs, gutters, water, sewer, and electrical access), plus basic park and school field amenities such as basketball or tennis court, parking, tot lot, irrigation, turf, open green space, pedestrian paths, and picnic tables. Excludes special use facilities such as recreation centers, structures and pools.

Sources: San Diego County Parks and Recreation: Prototypical Park Cost Estimate; Table 4.3, Willdan Financial Services.

Parkland and Park Facility Standards

Park facility standards establish a reasonable relationship between new development and the need for expanded parkland and park facilities. Information regarding the City’s existing inventory of existing parks facilities 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 the Mitigation Fee Act (using a city’s existing inventory of parkland and 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.² In this case, the City will use the Mitigation Fee Act to impose park impact fees for development not occurring in subdivisions and will use the Quimby Act for development occurring in subdivisions.

Mitigation Fee Act

The Mitigation Fee Act does not dictate use of a particular type or level of facility standard for public facilities fees. To comply with the findings required under the law, facility standards must not burden new development with any cost associated with facility deficiencies attributable to existing development.³ A simple and clearly defensible approach to calculating a facility standard is to use the City’s existing ratio of park acreage per 1,000 residents. Under this approach, new development is required to fund new parkland and park facilities at the same level as existing residents have provided those same types of facilities to date.

² California Government Code §66477.

³ See the *Benefit and Burden* findings in *Background Report*.

Quimby Act

The Quimby Act specifies that the dedication requirement must be a minimum of 3.0 acres and a maximum of 5.0 acres per 1,000 residents. A jurisdiction can require residential developers to dedicate above the three-acre minimum if the jurisdiction’s existing park standard at the time it adopted its Quimby Act ordinance justifies the higher level (up to five acres per 1,000 residents). The standard used must also conform to the jurisdiction’s adopted general or specific plan standards.

The Quimby Act only applies to land subdivisions. The Quimby Act would not apply to residential development on future approved projects on single parcels, such as apartment complexes and other multifamily development.

The Quimby Act allows payment of a fee in lieu of land dedication. The fee is calculated to fund acquisition of the same amount of land that would have been dedicated.

The Quimby Act allows use of in-lieu fee revenue for any park or recreation facility purpose. Allowable uses of this revenue include land acquisition, park improvements including recreation facilities, and rehabilitation of existing park and recreation facilities.

City of Cudahy Parkland and Park Facilities Standards

Table 4.5 shows the existing standard for improved park acreage per 1,000 residents based on the type of parkland. In total the City has an existing parkland standard of 0.69 acres per 1,000 residents, which allows the City to charge at 3.0 acres per 1,000 residents under the Quimby Act. For development not subject to the Quimby Act, the fee analysis in this report will be based on maintaining a 0.69 acre per 1,000 service population standard as new development adds demand for parks in Cudahy.

Table 4.5: Parkland Standards

Developed Park Acreage	16.77
Service Population (2020)	24,164
Existing Standard (Acres per 1,000 Residents)	0.69
Quimby Act Standard (Acres per 1,000 Residents)	3.00

Sources: Tables 4.1 and 4.2.

Facilities Needed to Accommodate New Development

Table 4.6 shows the park facilities needed to accommodate new development at the existing standard and the Quimby standard, respectively. To achieve the standard by the planning horizon, depending on the amount of development subject to the Quimby Act, new development must fund the purchase and improvement of between 4.45 and 19.33 parkland acres, at a total cost ranging between \$14.6 million and \$52.3 million.

The facility standards and resulting fees under the Quimby Act are higher, because development will be charged to provide 3.0 acres of parkland per 1,000 residents, and 0.69 acres of improvements, whereas development not subject to the Quimby Act will be charged to provide only 0.69 acres of parkland per 1,000 service population, and 0.69 acres of improvements.

Table 4.6: Park Facilities to Accommodate New Development

	Calculation	Parkland	Improvements	Total Range ¹
<i>Parkland (Quimby Act), Improvements (Mitigation Fee Act)²</i>				
Facility Standard (acres/1,000 capita)	A	3.00	0.69	
Service Population Growth (2020 to Buildout)	B	6,443	6,443	
Facility Needs (acres)	$C = A \times B / 1000$	19.33	4.45	
Average Unit Cost (per acre)	D	\$ 2,533,000	\$ 748,000	
Total Cost of Facilities	$E = C \times D$	\$ 48,963,000	\$ 3,329,000	\$ 52,292,000
<i>Parkland and Improvements - Mitigation Fee Act³</i>				
Facility Standard (acres/1,000 capita)	A	0.69	0.69	
Service Population Growth (2020 to Buildout)	B	6,443	6,443	
Facility Needs (acres)	$C = A \times B / 1000$	4.45	4.45	
Average Unit Cost (per acre)	D	\$ 2,533,000	\$ 748,000	
Total Cost of Facilities	$E = C \times D$	\$ 11,272,000	\$ 3,329,000	\$ 14,601,000

Note: Totals have been rounded to the thousands.

¹ Values in this column show the range of the cost of parkland acquisition and development should all development be either subject to the Quimby Act, or to the Mitigation Fee Act, respectively.

² Cost of parkland to serve new development shown if all development is subject to the Quimby Act (Subdivisions of 50 units or more). Parkland charged at 3.0 acres per 1,000 residents; improvements charged at the existing standard.

³ Cost of parkland to serve new development shown if all development is subject to the Mitigation Fee Act. Parkland and improvements are charged at the existing standard.

Sources: Tables 4.1, 4.3, and 4.5.

Parks Cost per Capita

Table 4.7 shows the cost per capita of providing new parkland and park facilities at the existing facility standard, and at the Quimby standard. The cost per capita is shown separately for land and improvements. The cost per capita is shown separately for land and improvements. The costs per capita in this table will serve as the basis of three fees:

- A Quimby Act Fee in-lieu of land dedication. This fee is payable by residential development occurring in subdivisions. A Mitigation Fee Act Fee for land acquisition. This fee is payable by residential development not occurring in subdivisions.
- A Mitigation Fee Act Fee for parkland improvements. This fee is payable by all residential development.

A development project pays either the Quimby Act Fee in-lieu of land dedication, or the Mitigation Fee Act Fee for land acquisition, not both. All development projects pay the Mitigation Fee Act Fee for park improvements.

Table 4.7: Park Facilities Investment Per Capita

	Calculation	<u>Land</u>		<u>Improvements</u>	
		Quimby Fee	OR Impact Fee	AND	Impact Fee
Parkland Investment (per acre)	A	\$ 2,533,000	\$ 2,533,000	\$	1,220,074
Existing Standard (acres per 1,000 capita)	B	3.00	0.69		0.69
Total Cost Per 1,000 capita	$C = A \times B$	\$ 7,599,000	\$ 1,747,800	\$	841,900
Cost Per Resident	$D = C / 1,000$	\$ 7,599	\$ 1,748	\$	842

Sources: Tables 4.4 and 4.5.

Use of Fee Revenue

The City plans to use parkland and park 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.

Fee Schedule

In order to calculate fees by land use type, the investment in park facilities is determined on a per resident basis for both land acquisition and improvement. These investment factors (shown in Table 4.7) are investment per capita based on the unit cost estimates and facility standards.

Tables 4.8 and 4.9 show the park facilities fee based on the minimum Quimby standard and the existing standard, respectively. The City would collect the fee based on only one of the two approaches as appropriate. Each fee includes a component for park improvements based on the City’s existing standard. The investment per capita is converted to a fee per dwelling unit.

The total fee includes an administrative charge to fund costs that include: (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Table 4.8: Park Facilities Impact Fee Schedule - Quimby

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee	D = C x 0.02 Admin Charge ¹	E = C + D Total Fee
<i>Single Family</i>					
Parkland	\$ 7,599	4.40	\$ 33,436	\$ 669	\$ 34,105
Improvements	<u>842</u>	4.40	<u>3,705</u>	<u>74</u>	<u>3,779</u>
Total	\$ 8,441		\$ 37,141	\$ 743	\$ 37,884
<i>Multifamily</i>					
Parkland	\$ 7,599	3.90	\$ 29,636	\$ 593	\$ 30,229
Improvements	<u>842</u>	3.90	<u>3,284</u>	<u>66</u>	<u>3,350</u>
Total	\$ 8,441		\$ 32,920	\$ 659	\$ 33,579

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

Sources: Tables 2.2 and 4.7; Willdan Financial Services.

Table 4.9: Park Facilities Impact Fee Schedule - Mitigation Fee Act

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee	D = C x 0.02 Admin Charge ¹	E = C + D Total Fee
<i>Single Family</i>					
Parkland	\$ 1,748	4.40	\$ 7,691	\$ 154	\$ 7,845
Improvements	<u>842</u>	4.40	<u>3,705</u>	<u>74</u>	<u>3,779</u>
Total	\$ 2,590		\$ 11,396	\$ 228	\$ 11,624
<i>Multifamily</i>					
Parkland	\$ 1,748	3.90	\$ 6,817	\$ 136	\$ 6,953
Improvements	<u>842</u>	3.90	<u>3,284</u>	<u>66</u>	<u>3,350</u>
Total	\$ 2,590		\$ 10,101	\$ 202	\$ 10,303

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

Sources: Tables 2.2 and 4.7; Willdan Financial Services.

5. General Government Facilities

The purpose of this fee is to ensure that new development funds its fair share of general government facilities. A fee schedule is presented based on the existing facilities standard of general government facilities in the City of Cudahy to ensure that new development provides adequate funding to meet its needs.

Service Population

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

Table 5.1 shows the existing and future projected service population for general government facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and reflects the degree to which nonresidential development yields a lesser demand for general government facilities.

**Table 5.1: General Government Facilities
Service Population**

	A Persons	B Weighting Factor	A x B = C Service Population
<i>Residents</i>			
Existing (2020)	24,164	1.00	24,164
New Development	6,443	1.00	6,443
Total (Buildout)	30,607		30,607
<i>Workers</i>			
Existing (2020)	2,962	0.31	918
New Development	8,981	0.31	2,784
Total (Buildout)	11,943		3,702
<i>Combined Residents and Weighted Workers</i>			
Existing (2020)			25,082
New Development			9,227
Total (Buildout)			34,309

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)

Sources: Table 2.1; Willdan Financial Services.

Existing Facility Inventory

This study uses the existing standard methodology to calculate fees for general government facilities. The general government inventory is comprised of City Hall, the City's Maintenance Yard and the Emergency Operations Center. The land acquisition cost estimate is based on an analysis of sales of land within Cudahy since May 2018, as reported by CoStar and several appraisals that the City recently commissioned. The assumed value of each building is based on information from the City's insurance documents.

Table 5.2: Existing General Government Facilities

	Inventory	Units	Unit Cost	Replacement Cost
<i>City Hall</i>				
Land	0.60	acres	\$2,533,000	\$ 1,529,000
Building	10,600	sq. ft.	442	<u>4,682,072</u>
Subtotal				\$ 6,211,072
Maintenance Yard	5,150	sq. ft.	\$ 101	\$ 521,526
EOC	974	sq. ft.	101	<u>98,634</u>
				\$ 620,160
<i>Vehicles and Equipment</i>				
Computer Network System				\$ 112,700
Vehicles				<u>854,500</u>
Subtotal				\$ 967,200
Total Value - Existing Facilities				\$ 7,798,432

Sources: City of Cudahy; Willdan Financial Services.

Facility Standard

Table 5.3 shows the existing per capita investment in general government facilities. This value is calculated by dividing cost of existing facilities by the existing service population. The value per capita is multiplied by the worker weighting factor of 0.31 to determine the value per worker.

Table 5.3: General Government Facilities Existing Standard

Value of Existing Facilities	\$ 7,798,432
Existing Service Population	<u>25,082</u>
Cost per Capita	\$ 311
Facility Standard per Resident	\$ 311
Facility Standard per Worker ¹	96

¹ Based on a weighing factor of 0.31.

Sources: Tables 5.1 and 5.2.

Fee Revenue Projection

The City plans to use general government facilities fee revenue to construct improvements to add to the system of general government facilities to serve new development. **Table 5.4** details a projection of fee revenue, based on the service population growth increment identified in Table 5.1.

Table 5.4: Revenue Projection - Existing Standard

Cost per Capita	\$ 311
Growth in Service Population (2020 to Buildout)	<u>9,227</u>
Projected Fee Revenue	\$ 2,869,597

Sources: Tables 5.1 and 5.3.

Fee Schedule

Table 5.5 shows the maximum justified general government 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 5.5: General Government Facilities Fee - Existing Standard

Land Use	A	B	C = A x B	D = C x 0.02	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	\$ 311	4.40	\$ 1,368	\$ 27	\$ 1,395	
Multifamily	311	3.90	1,213	24	1,237	
<i>Nonresidential - per 1,000 Sq. Ft.</i>						
Commercial	\$ 96	2.00	\$ 192	\$ 4	\$ 196	\$ 0.20
Office	96	2.37	228	5	233	0.23
Industrial	96	1.12	108	2	110	0.11

¹ Fee 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 2.2 and 5.3.

6. Parking Facilities In-Lieu Fee

The purpose of the parking in-lieu fee is to provide developers with an option to pay an established fee rather than provide the parking spaces onsite required by the Cudahy Municipal Code zoning requirements. The cost of planned facilities to accommodate the parking spaces otherwise required on site as part of projects determines the maximum justified Parking In-Lieu Fee. This chapter presents the nexus analysis, showing the need and projected cost of parking facilities to maintain the overall parking availability in Cudahy in accordance with the zoning requirements.

Parking Requirements

Table 6.1 shows the City of Cudahy parking requirements for residential and nonresidential development. Refer to the City’s Municipal Code, section 20.80.110 for the full requirements as specific by the municipal code.

Table 6.1: Parking Requirements

	Required Parking Spaces per Unit ¹
<i><u>Dwelling Units</u></i>	
Single Family	2.0
Multifamily	2.5
Total	
<i><u>Building Square Feet (000s)</u></i>	
Commercial	5.0
Office	4.0
Industrial	2.5
Total	

¹Cudahy Municipal Code requires one space per 200 square feet of Commercial ("Business, General"), per 250 square feet of office, or per 400 square feet of industrial. Refer to Municipal Code section 20.80.110 for full list of requirements.

Source: City of Cudahy Municipal Code Section 20.80.110.

Parking Facilities Unit Costs

Table 6.2 details the unit cost per parking space to develop multistory above ground parking structures in Cudahy. The municipal code mandated parking space of nine by twenty feet (9' x 19') requires one hundred and seventy one square feet (171 square feet) of floor space and additional ninety square feet (90 square feet) of space for entries, exits, ramps and circulation. A prototypical four-story parking garage requires sixty-five square feet (65 square feet) of land per parking space. Table 6.2 calculates typical construction cost in Los Angeles County for a multistory parking garage and land acquisition cost in the City of Cudahy to determine a facility unit cost per city parking space of \$28,598.

Table 6.2: Parking Facility Unit Costs

	Parking Space ¹	Unit Cost per Sq. Ft. ²	Total Cost Per Space
<i>Aboveground Parking Facility³</i>			
Construction	261 Sq. ft.	\$ 95	\$ 24,804
Land	65 Sq. ft.	58	3,794
Total			\$ 28,598

¹ Cudahy Municipal Code requires 171 sqft (9' x 19') for standard parking spaces. Circulation and entry/exit assumes 90 square feet per space, total 261 square feet.

² Comparable facility cost 2014, building construction inflation adjusted to 2019.

³ Prototypical 4 story parking structure, larger or smaller structure would change ratio of parking spaces to land use.

Sources: City of Cudahy Municipal Code Section 20.80.030; UCLA: Parking: Issues and Policies Transport and Sustainability, Volume 5, 2014; Willdan Financial Services.

Use of Fee Revenue

The City plans to use parking in lieu fee revenue to purchase land and construct improvements to add to parking space inventory. The City may only use parking in lieu fee revenue to provide facilities and intensify usage of existing facilities needed to serve new development.

Fee Schedule

Table 6.3 shows the maximum justified parking in-lieu fee schedule per required parking space. The maximum justified fees are based on the cost per parking space shown in Table 6.2. The cost per space can be used to determine the fee for projects that meet a fraction of the on-site parking space requirement. The total fee includes a two percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

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

Table 6.3: Maximum Justified Parking In Lieu Fee Schedule

	$C = A \times B \quad D = C \times 0.02 \quad E = C + D$		
	Base	Admin	
	Fee¹	Charge^{1, 2}	Total Fee¹
Cost per Space	\$28,598	\$ 572	\$ 29,170

¹ Fee in lieu of providing a parking space onsite. Cudahy Municipal Code requires one space per 200 square feet of Commercial ("Business, General"), per 250 square feet of office, or per 400 square feet of industrial. Refer to Municipal Code section 20.80.110 for full list of requirements.

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 6.2; Willdan Financial Services.

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 has kept 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 Building Cost Index (BCI)
- ◆ Equipment – Consumer Price Index, All Items, 1982-84=100 for All Urban Consumers (CPI-U)

The indices recommended can be found for local jurisdictions (state, region), and for the nation. Except for 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 index that captures fluctuations in land values. We recommend that the City adjust land values based on recent land purchases, sales or appraisals at the time of the update.

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

Reporting Requirements

The City 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.

Table 7.1 summarizes the annual and five-year reporting requirements.

Table 7.1: Mitigation Fee Act - Annual and Five-year Administrative Requirements

CA Gov't Code Section	Timing	Reporting Requirements ¹	Recommended Fee Adjustment
66001.(d)	The fifth fiscal year following the first deposit into the account or fund, and every five years thereafter	(A) Identify the purpose to which the fee is to be put. (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged. (C) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements. (D) Designate the approximate dates on which supplemental funding is expected to be deposited into the appropriate account or fund.	Comprehensive Update
66006. (b)	Within 180 days after the last day of each fiscal year	(A) A brief description of the type of fee in the account or fund. (B) The amount of the fee. (C) The beginning and ending balance of the account or fund. (D) The amount of the fees collected and the interest earned. (E) An identification of each public improvement on which fees were expended including share funded by fees. (F) An identification of an approximate date by which the construction of the public improvement will commence. (G) A description of any potential interfund transfers. (H) The amount of refunds made (if any).	Inflationary Adjustment

¹ Edited for brevity. Refer to the government code for full description.

Sources: CA Government Code sections 66001.(d) and 66006.(b).

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 if 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.

Reimbursements

For some facility categories, particularly park facilities, developers occasionally dedicate parkland and construct facilities in lieu of paying the development impact fee. If a developer builds parkland that exceeds the development's share of needed facilities, that developer should be reimbursed for facilities created above and beyond that development's impact. However, we recommend that the City' reimburse the difference based on a) the costs identified in the most recent CIP, and b) at the time that the City would be building the improvement had the development not occurred. By following these guidelines, the City will not be unfairly burdened with unanticipated costs.

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 to fund 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: traffic facilities, parks and recreation facilities, general government facilities and parking facilities.

Benefit Relationship

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

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

Burden Relationship

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

Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For each facility category, demand is measured by a single facility standard that can be applied across land use types to ensure a reasonable relationship to the type of development. For traffic facilities this standard is expressed as a cost per trip. For parks and recreation facilities this standard is expressed as a cost per resident. For general government facilities this standard is expressed as a cost per capita. For parking facilities, the standard is based on parking requirements from the City's municipal code.

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*, *Chapter 3, Trip Growth* or the *Service Population* section of Chapters 4 and 5 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