

Presentation to the City of Cudahy

Development Impact Fee Study



August 2020



Introduction

- Willdan Financial Services 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

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.

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

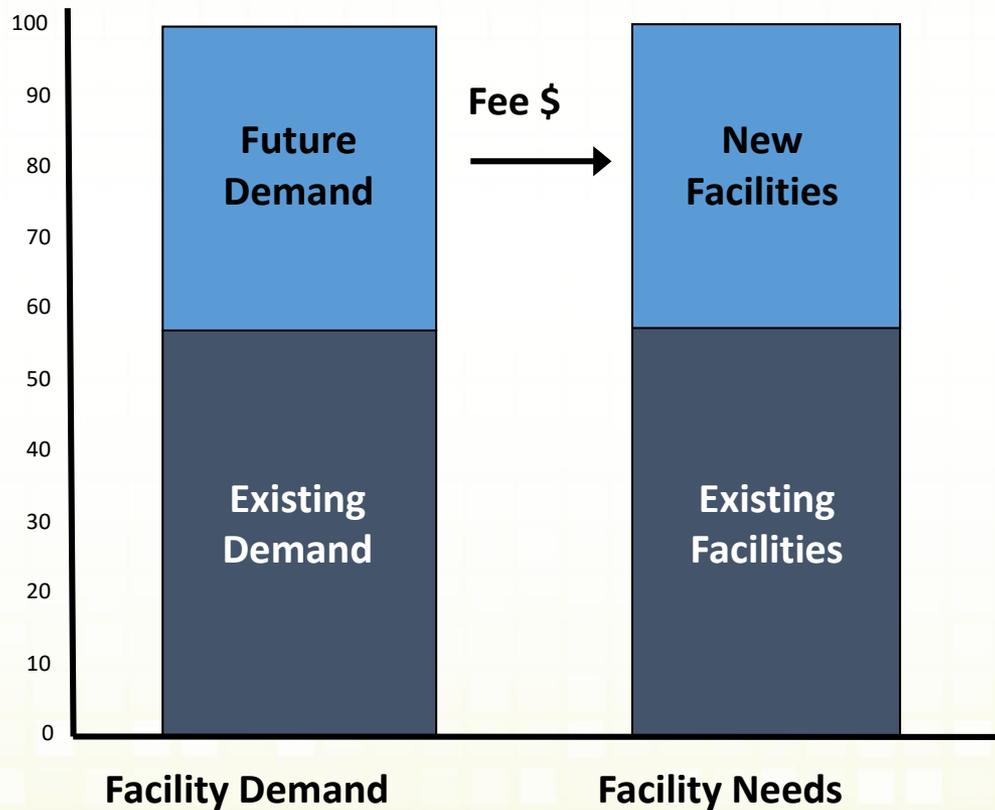
City of Cudahy Growth Projections

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

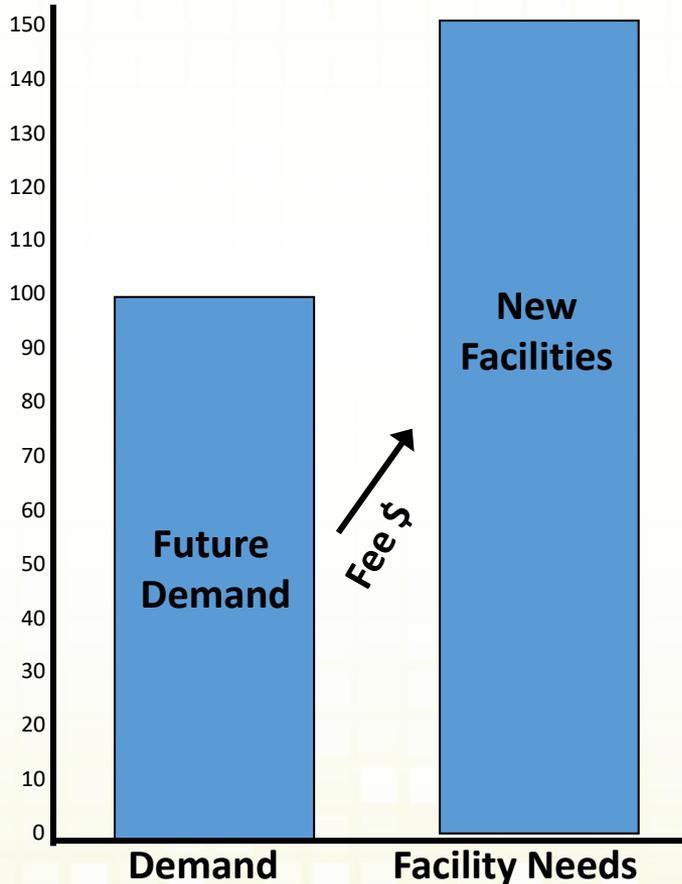
Sources: Cudahy 2040, General Plan, 2017; California Department of Finance (DOF), Table E-5, 2020; U.S. Census Bureau, OnTheMap Application, <http://onthemap.ces.census.gov>, Willdan Financial Services.

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

Quantifying Demand

Facilities Demand: Service Population and Trips

	Existing (2020)	Projected Growth	Total Buildout
<i><u>Unadjusted</u></i>			
Residents	24,164	6,443	30,607
Workers	2,962	8,981	11,943
<i><u>Employment Weighting Factors</u></i>			
General Government	0.31	0.31	0.31
Parks	-	-	-
<i><u>Weighted Service Population</u></i>			
General Government	25,082	9,227	34,309
Parks	24,164	6,443	30,607
<i><u>Trip Generation (PM Peak Hour)</u></i>			
	7,615	7,601	15,216

Calculating Facility Standards

Calculating Facility Standards

Fee Category	Facility Demand		Facility Standard		
<i>Existing Standard</i>					
General Government	\$ 7,798,432	Existing Value	25,082	Service Population	\$ 311 Per Capita
Parks and Recreation	16.77	Existing Acres	24,164	Residents	0.69 Acres per 1,000 Residents
<i>Planned Facilities Standard</i>					
Traffic Facilities	\$ 13,670,799	Cost Allocated to Development	7,601	Increase in Trips	\$ 1,799 Per Trip
Parking Facilities	\$ 29,170	per Space		Varies	\$29,170 Per Parking Space

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

Multifamily Fee Comparison

Multifamily Dwelling Unit Impact Fee Comparison

City	Facilities Funded	Fee per Unit
Bellflower ¹	Public facilities, parks, parking facilities	\$ 18,831
Bell Gardens	Fee study in progress	n/a
Carson ²	Traffic, parks, beautification, general government facilities, transportation infrastructure, utilities and sustainability	\$ 14,000
Compton	Law enforcement, fire protection, transportation, general government, parks, public works/transit	\$ 8,801
Lynwood	Police services, parks and recreation, civic center/city garage, water facilities, wastewater facilities, noise-monitoring system, technological enhancements, childcare, transportation facilities, administration fees	\$ 4,913
Monterey Park	Police, fire, circulation, water, sewer, library, public meeting facilities, aquatic facilities, parks	\$ 9,625
Rosemead	Traffic, public safety general government, library, parks	\$ 5,197
Torrance	Transportation services, undergrounding of utilities, sewer and storm drain improvements, police, fire facilities	\$ 2,645

¹ Fee shown excludes maximum \$15,000 parking facilities fee.

² Interim impact fee shown.

A photograph of a street at dusk. In the foreground, a metal grate is visible, with a single green leaf resting on it. The background is blurred, showing streetlights and a white car. The overall lighting is warm and orange, suggesting sunset or sunrise.

QUESTIONS