City of Wildomar

Impact Fee Study Update Report

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Table of Contents

Chapter 5 – Park Improvement Impact Fees

Chapter 6 – Implementation

Executive Summary

The purpose of this study to is to update the Street and Intersection Impact Fees that were previously calculated in the City of Wildomar Impact Fee Study dated January 22, 2014. In this study, those fees are referred to as "Transportation Impact Fees – Roads" for consistency with the City's current fee nomenclature.

This study also calculates two new impact fees: one for traffic signals (referred to herein as "Transportation Impact Fees – Traffic Signals") and one for park improvements.

The methods used to calculate impact fees in this study are intended to satisfy all legal requirements of the U. S. Constitution, the California Constitution, the California Mitigation Fee Act (Government Code §§ 66000 *et seq*.) , and where applicable, the Quimby Act (Government Code § 66477) .

Organization of the Report

Chapter 1 of this report provides an overview of impact fees. It discusses legal requirements for establishing and imposing such fees, as well as methods used in this study to calculate the fees.

Chapter 2 contains information on existing and future development used in this report, and organizes that data in a form that can be used in the impact fee analysis. Development date used in this study has been updated from the 2014 Impact Fee Study using building permit data.

Chapters 3 through 5 show the impact fee calculations for specific facility types. The type of facilities addressed in each of those chapters is indicated below:

- Chapter 3. Transportation Impact Fees – Roads
- Chapter 4. Transportation Impact Fees – Traffic Signals
- Chapter 5. Park Improvement Impact Fees

Each of the impact fee chapters documents the data and methodology used to calculate impact fees for a particular type of facility, as well as the nexus between development and the need for the facilities to be paid-for by the impact fees.

Chapter 6 discusses implementation of the impact fee program, including legal requirements for enacting and implementing the impact fee program under California law.

Future Development

Forecasts of future development for this study are intended to represent all additional development potential for undeveloped land in the City under the current General Plan. When Wildomar incorporated in 2008, the City adopted the Riverside County General Plan as it applies to the area within the City.

Chapter 2 of this report forecasts that full buildout of undeveloped land in the City would result in increases of 55% in population, 125% in total vehicle trips, and 223% in employment from current levels in the City. Those figures provide some perspective on the need for future investment by the City in additional capital facilities and infrastructure to support future development.

Another way of looking at those numbers is that current development represents about 65% of projected buildout population, 44% of buildout vehicle trips, and 31% of buildout employment.

Impact Fees by Facility Type

Each type of facility addressed in this report is analyzed in a separate chapter. In each case, the relationship between development and the need for facilities is quantified in a way that allows the impact of development on facility needs to be measured. Impact fees calculated in this report are based on the capital cost of facilities needed to serve future development.

Impact fees calculated in this study are summarized in Table ES.1 at the end of this Executive Summary. The following paragraphs briefly discuss factors considered in the fee calculations for each facility type.

Transportation Impact Fees - Roads. The impact fees for street and intersection are updated in this report to take account of a change in the treatment of a portion of Bundy Canyon Road in the TUMF (Western Riverside County Council of Governments Transportation Unified Mitigation Fee) program. It also updates the cost estimate for the La Estrella Street bridge. Other costs remain unchanged.

The City has determined that there are no existing deficiencies in the portion of the street system to be funded by the City's impact fees, so all of the improvements to streets, intersections, bridges and culverts shown in this report are needed to serve future development.

Only a portion of the cost of future street improvements is covered by impact fees. On all arterial streets covered by the impact fee program, the two lanes adjacent to the center of the street will be treated as required project improvements which are necessary to provide access to abutting properties. That means developers of properties fronting on such streets will be required to provide those improvements as a condition of project approval. The cost of additional lanes, as well as frontage improvements (e.g., curb, gutter, and sidewalk), will be covered by the impact fees.

Costs for future street and intersection improvements are allocated to future development based on the number of trips added by each type of development. Then, costs allocated to Public and Institutional development are reallocated to residential development. Those costs are reallocated because the City cannot collect impact fees from most of the development in the Public/Institutional category. Since development in that category (e.g., public schools) largely serves residential development, it is reasonable to reallocate those costs to residential development.

Eligible improvement costs for each development type are divided by the additional vehicle trips generated by that development type to establish a cost per trip. Then the cost per trip is multiplied by the number of trips per unit for each type of development to arrive at a fee per unit. See Chapter 3 for more detail. The proposed impact fees for street and intersection improvements are shown in Table ES.1.

Transportation Impact Fees – Traffic Signals. The mechanics of the impact fee calculations for traffic signals is identical to the method used for street and intersection improvements, except, of course, that traffic signal costs are used instead of street improvement costs.

The City has identified a need for new signals or modifications to existing signals at 45 intersections in Wildomar. In 41 of those cases, some or all of the cost of the signal improvements are attributed to future development and included in the impact fee calculations. See Chapter 4 for more detail. The proposed impact fees for traffic signals are shown in Table ES.1 on page ES-4.

Park Improvement Impact Fees. This report calculates park improvement impact fees that would be charged in addition to the City's existing fees for park land acquisition. The level of service standard used in the calculation of park improvement impact fees is the same standard that was used for the existing park land acquisition fees, that is 3.0 acres of park land per thousand residents

To calculate park improvement impact fees per unit of development, the estimated per-capita cost to provide park improvements at the rate of 3.0 acres per 1,000 residents is multiplied by the population per dwelling unit for each type of residential development. Park improvement impact fees would apply only to residential development. See Chapter 5 for more detail. The proposed park impact fees are shown in Table ES.1.

Recovery of Administrative Costs

As discussed in Chapter 13, Colgan Consulting recommends that agencies charging impact fees increase the fees by a small percentage to recover the cost of administration and periodic impact fee updates. In the tables below, an administrative charge of 0.48% is added to the impact fees calculated in this report. That is the same rate applied to the impact fees calculated in the January 22, 2014 Impact Fee Study, based on estimated administrative costs as a percentage of total impact fee revenue over the next 20 years.

Impact Fee Summary

Table ES.1 on the next page summarizes the impact fees calculated in this report. Fees shown in Table ES.1 are for one unit of development by development type. The administrative charge has been incorporated into the individual fees in that table.

Table ES-1: Summary of Impact Fees Calculated in This Study (Rounded to Nearest $)

Impact Fee Type	Residential Single-Family	Residential Multi-Family	Commercial	Office	Industrial/ Business Park
Development Units>>	DU [1]	DU [1]	KSF [1]	KSF [1]	KSF [1]
Transportation - Roads	$ 3,088.00	$ 2,169.00	$ 9,415.00	$ 2,683.00	$ 1,090.00
Transportation - Signals	$ 401.00	$ 281.00	$ 1,222.00	$ 348.00	$ 141.00
Park Improvements	$ 3,926.00	$ 2,787.00			
Total Fees	**$ 7,415.00**	**$ 5,237.00**	**$ 10,637.00**	**$ 3,031.00**	**$ 1,231.00**

Note: The fees shown in this table include an administrative charge of 0.48%, which has been added to the fees originally calculated in this report. That is the same administrative charge applied to impact fees in Wildomar's January 22, 2014 Impact Fee Study to cover administration and updating of fees

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area

[2] Single family residential drainage fees vary with density; fee shown is for medium-high density; for a complete breakdown of drainage fees for residential development, see Table 11.4

Table ES.2 shows the City's existing impact fees.

Table ES-2: Summary of Existing Impact Fees (Including 0.48% Admin Charge)

Impact Fee Type	Residential Single-Family	Residential Multi-Family	Commercial	Office	Industrial/ Business Park
Development Units>>	DU [1]	DU [1]	KSF [1]	KSF [1]	KSF [1]
Transportation - Roads	$ 2,368.00	$ 1,663.00	$ 7,249.00	$ 2,066.00	$ 839.00
Police Facilities	$ 227.00	$ 161.00	$ 153.00	$ 196.00	$ 87.00
Fire Protection	$ 440.00	$ 312.00	$ 295.00	$ 380.00	$ 170.00
Park Land Acquisition	$ 597.00	$ 423.00			
Community Centers	$ 474.00	$ 337.00			
Animal Shelter	$ 250.00	$ 178.00			
City Hall	$ 384.00	$ 272.00	$ 258.00	$ 333.00	$ 149.00
Corporation Yard	$ 79.00	$ 56.00	$ 53.00	$ 69.00	$ 31.00
Drainage [2]	$ 1,381.00	$ 868.00	$ 1,281.00	$ 1,068.00	$ 915.00
Multi-Purpose Trails	$ 754.00	$ 535.00	$ 506.00	$ 652.00	$ 291.00
Total Fees	**$ 6,954.00**	**$ 4,805.00**	**$ 9,795.00**	**$ 4,764.00**	**$ 2,482.00**

Note: Individual fees shown in this table include the administrative charge of 0.48% which was added to total impact fees calculated in Wildomar's January 22, 2014 Impact Fee Study

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area

[2] Single family residential drainage fees vary with density; fee shown is for medium-high density; for a complete breakdown of drainage fees for residential development, see Table 11.4 in the 2014 impact fee study

Table ES.3 shows both the existing impact fees and the fees calculated in this study. The impact fees for traffic signals and park improvements are new fees, which are added to this list. The fee for roads (street and intersection improvements) is an existing fee that has been updated.

Table ES-3: Summary of Existing and Proposed Impact Fees (Including 0.48% Admin Charge)

Impact Fee Type	Residential Single-Family	Residential Multi-Family	Commercial	Office	Industrial/ Business Park
Development Units>>	DU [1]	DU [1]	KSF [1]	KSF [1]	KSF [1]
Transportation - Roads	**$ 3,088.00**	**$ 2,169.00**	**$ 9,415.00**	**$ 2,683.00**	**$ 1,090.00**
Transportation - Signals	**$ 401.00**	**$ 281.00**	**$ 1,222.00**	**$ 348.00**	**$ 141.00**
Police Facilities	$ 227.00	$ 161.00	$ 153.00	$ 196.00	$ 87.00
Fire Protection	$ 440.00	$ 312.00	$ 295.00	$ 380.00	$ 170.00
Park Land Acquisition	$ 597.00	$ 423.00			
Park Improvements	**$ 3,926.00**	**$ 2,787.00**			
Community Centers	$ 474.00	$ 337.00			
Animal Shelter	$ 250.00	$ 178.00			
City Hall	$ 384.00	$ 272.00	$ 258.00	$ 333.00	$ 149.00
Corporation Yard	$ 79.00	$ 56.00	$ 53.00	$ 69.00	$ 31.00
Drainage [2]	$ 1,381.00	$ 868.00	$ 1,281.00	$ 1,068.00	$ 915.00
Multi-Purpose Trails	$ 754.00	$ 535.00	$ 506.00	$ 652.00	$ 291.00
Total Fees	**$ 12,001.00**	**$ 8,379.00**	**$ 13,183.00**	**$ 5,729.00**	**$ 2,874.00**
Change from Existing Fees	$ 5,047.00	$ 3,574.00	$ 3,388.00	$ 965.00	$ 392.00
% Change from Existing Fees	72.6%	74.4%	34.6%	20.3%	15.8%

[1] DU = dwelling unit; KSF = 1,000 gross square feet of building area

[2] Single family residential drainage fees vary with density; fee shown is for medium-high density; for a complete breakdown of drainage fees for residential development, see Table 11.4

Table ES.3 also shows the change in the total impact fee amounts for each development type, if the proposed impact fees are adopted.

Chapter 1
Introduction

The City of Wildomar has retained Colgan Consulting Corporation to prepare this study to update certain impact fees that were previously calculated in the City of Wildomar Impact Fee Study dated January 22, 2014.

The methods used to calculate impact fees in this study are intended to satisfy all legal requirements governing such fees, including provisions of the U. S. Constitution, the California Constitution, the California Mitigation Fee Act (Government Code Sections 66000 *et seq*.) and, where applicable, the Quimby Act (Government Code Section 66477).

Legal Framework for Impact Fees

This brief summary of the legal framework for development impact fees is intended as a general overview. It was not prepared by an attorney, and should not be treated as a legal opinion.

U. S. Constitution. Like all land use regulations, development exactions, including impact fees, are subject to the Fifth Amendment prohibition on taking of private property for public use without just compensation. Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against "regulatory takings." A regulatory taking occurs when regulations unreasonably deprive landowners of property rights protected by the Constitution.

To comply with the Fifth Amendment, development regulations must be shown to substantially advance a legitimate governmental interest, and must not deprive the owner of all economically viable use of the property. In the case of impact fees, the government's interest is in protecting public health, safety, and welfare by ensuring that development is not detrimental to the quality and availability of essential public services provided to the community at large.

Impact fees are not subject to the same level of judicial scrutiny as exactions involving the dedication of land or an interest in land, or a fee imposed as a condition of approval on a single development project. In those cases, heightened scrutiny applies, and a higher standard must be met. The U. S. Supreme Court has found that a government agency must demonstrate an "essential nexus" between such exactions and the interest being protected (see *Nollan v. California Coastal Commission,* 1987). The agency must also demonstrate that the exaction imposed is "roughly proportional" to the burden created by development (see *Dolan v. City of Tigard,* 1994).

A local legislative body is accorded considerable discretion by the courts when enacting impact fees that apply to all development projects in its jurisdiction. However, even where heightened scrutiny does not apply, an agency enacting impact fees should take care to demonstrate a nexus and ensure proportionality in the calculation of its fees.

California Constitution. The California Constitution grants broad police power to local governments, including the authority to regulate land use and development. That police power is the source of authority for imposing impact fees on development to pay for infrastructure and capital facilities. Some impact fees have been challenged on grounds that they are special taxes imposed without voter approval in violation of Article XIIIA.

However, that objection is valid only if the fees exceed the cost of providing capital facilities needed to serve new development. If that were the case, then the fees would also run afoul of the U. S. Constitution and the Mitigation Fee Act. Articles XIIIC and XIIID, added by Proposition 218 in 1996, require voter approval for some "property-related fees," but exempt the imposition of fees or charges as a condition of property development.

The Mitigation Fee Act. California's impact fee statute originated in Assembly Bill 1600 during the 1987 session of the Legislature, and took effect in January, 1989. AB 1600 added several sections to the Government Code, beginning with Section 66000. Since that time the impact fee statute has been amended from time to time, and in 1997 was officially titled the "Mitigation Fee Act." Unless otherwise noted, code sections referenced in this report are from the Government Code.

The Act does not limit the types of capital improvements for which impact fees may be charged. It defines public facilities very broadly to include "public improvements, public services and community amenities." Although the issue is not specifically addressed in the Mitigation Fee Act, other provisions of the Government Code (see Section 65913.8), as well as case law, prohibit the use of impact fees for maintenance or operating costs. Consequently, the fees calculated in this report are based on capital costs only.

The Mitigation Fee Act does not use the term "mitigation fee" except in its official title. Nor does it use the more common term "impact fee." The Act simply uses the word "fee," which is defined as "a monetary exaction, other than a tax or special assessment,…that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project …." To avoid confusion with other types of fees, this report uses the widely-accepted term "impact fee," which should be understood to mean "fee" as defined in the Mitigation Fee Act.

The Mitigation Fee Act contains requirements for establishing, increasing and imposing impact fees. They are summarized below. It also contains provisions that govern the collection and expenditure of fees and require annual reports and periodic re-evaluation of impact fee programs. Those administrative requirements are discussed in the Implementation Chapter of this report.

Required Findings. Section 66001 requires that an agency establishing, increasing or imposing impact fees, must make findings to:

1. Identify the purpose of the fee;
2. Identify the use of the fee; and,

3. Determine that there is a reasonable relationship between:
    a. The use of the fee and the development type on which it is imposed;
    b. The need for the facility and the type of development on which the fee is imposed; and
    c. The amount of the fee and the facility cost attributable to the development project. (Applies when fees are imposed on a specific project.)

Each of those requirements is discussed in more detail below.

Identifying the Purpose of the Fees. The broad purpose of impact fees is to protect public health, safety and general welfare by providing for adequate public facilities. The specific purpose of the fees calculated in this study is to fund construction of certain capital improvements identified in this report. Those improvements will be needed to mitigate the impacts of planned new development on City facilities, and maintain an acceptable level of public services as the City grows.

Identifying the Use of the Fees. According to Section 66001, if a fee is used to finance public facilities, those facilities must be identified. A capital improvement plan may be used for that purpose, but is not mandatory if the facilities are identified in a General Plan, a Specific Plan, or in other public documents. In this case, we recommend that the City Council adopt this report as the document that identifies the facilities to be funded by the fees.

Reasonable Relationship Requirement. As discussed above, Section 66001 requires that, for fees subject to its provisions, a "reasonable relationship" must be demonstrated between:

1. the use of the fee and the type of development on which it is imposed;
2. the need for a public facility and the type of development on which a fee is imposed; and,
3. the amount of the fee and the facility cost attributable to the development on which the fee is imposed.

These three reasonable relationship requirements as defined in the statute mirror the nexus and proportionality requirements widely considered the standard for constitutionally defensible impact fees. The term "dual rational nexus" is often used to characterize the standard used by courts in evaluating the legitimacy of impact fees.

The "duality" of the nexus refers to (1) an <u>impact</u> or need created by a development project subject to impact fees, and (2) a <u>benefit</u> to the project from the expenditure of the fees. Although proportionality is reasonably implied in the dual rational nexus formulation it was explicitly required by the Supreme Court in the *Dolan* case, and we prefer to list it as the third element of a complete nexus.

Demonstrating an Impact. All new development in a community creates additional demands on some, or all, public facilities provided by local government. If the supply of facilities is not increased to satisfy the additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is occasioned by the development project subject to the fees.

The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate impacts created by the development projects upon which they are imposed. In this study, the impact of development on facility needs is analyzed in terms of quantifiable relationships between various types of development and the demand for public facilities, based on applicable level-of-service standards. This report contains all of the information needed to demonstrate this element of the nexus.

Demonstrating a Benefit. A sufficient benefit relationship requires that impact fee revenues be segregated from other funds and expended only on the facilities for which the fees were charged. Fees must be spent in a timely manner and facilities funded by the fees must serve the development projects paying the fees. Nothing in the U.S. Constitution or California law requires that facilities paid for with impact fee revenues be available exclusively to developments paying the fees.

Procedures for earmarking and expenditure of fee revenues are mandated by the Mitigation Fee Act, as are procedures to ensure that the fees are expended expeditiously or refunded. Those requirements are intended to ensure that developments benefit from the impact fees they are required to pay. Thus, an adequate showing of benefit must address procedural as well as substantive issues.

Demonstrating Proportionality. Proportionality in impact fees depends on properly identifying development-related facility costs and calculating the fees in such a way that the impact of development is reflected in the allocation of those costs. In calculating impact fees, costs for development-related facilities must be allocated in proportion to the facility needs created by different types and quantities of development. The section on impact fee methodology, below, describes methods used to allocate facility costs and calculate impact fees that meet the proportionality standard.

Impact Fees for Existing Facilities (Recoupment Fees). It is important to note that impact fees may be used to pay for existing facilities, provided that those facilities are needed to serve additional development and have the capacity to do so, given relevant level-of-service standards. In other words, it must be possible to show that the fees meet the need and benefit elements of the nexus.

Development Agreements and Reimbursement Agreements. The requirements of the Mitigation Fee Act do not apply to fees collected under development agreements (see Govt. Code § 66000) or reimbursement agreements (see Govt. Code § 66003). The same is true of fees in lieu of park land dedication imposed under the Quimby Act (see Govt. Code § 66477).

Existing Deficiencies. In 2006, Section 66001(g) was added to the Mitigation Fee Act (by AB 2751) to prohibit impact fees from including costs attributable to existing deficiencies in public facilities. The legislature's intent in adopting this amendment, as stated in the bill, was to codify the Holdings of Bixel v. City of Los Angeles (1989), Rohn v. City of Visalia (1989), and Shapell Industries Inc. v. Governing Board (1991). That amendment does not appear to be a substantive change. It is widely understood that other provisions of law make it improper for impact fees to include costs for correcting existing deficiencies.

Impact Fee Calculation Methodology

Any one of several legitimate methods may be used to calculate impact fees. The choice of a particular method depends primarily on the service characteristics and planning requirements for the facility type being addressed. Each method has advantages and disadvantages in a particular situation. To some extent they are interchangeable, because they all allocate facility costs in proportion to the needs created by development.

Reduced to its simplest terms, the process of calculating impact fees involves two steps: determining the cost of development-related capital improvements, and allocating those costs equitably to various types of development. In practice, though, the calculation of impact fees can become quite complicated because of the many factors involved in defining the relationship between development and the need for facilities.

Allocating facility costs to various types and amounts of development is central to all methods of impact fee calculation. Costs are allocated by means of formulas that quantify the relationship between development and the need for facilities. In a cost allocation formula, the impact of development is measured by a "demand variable," which is an attribute of development that represents the facility needs created by different types and amounts of development. Different variables are used in analyzing different types of facilities. Specific demand variables used in this study are discussed in more detail in subsequent chapters.

The following paragraphs discuss three general approaches to calculating impact fees and how they can be applied.

Plan-Based or Improvements-Driven Method. Plan-based impact fee calculations are based on the relationship between a specified set of improvements and a specified increment of development. The improvements are typically identified by a facility plan, while the development is identified by a land use plan that identifies potential development by type and quantity.

With the plan-based approach, facility costs are allocated to various categories of development in proportion to the amount of development and the relative intensity of demand in each category. To calculate impact fees using this approach, it is necessary to define an end point or "buildout" condition for development, and to determine what facilities will be needed to serve the additional development that occurs from the time of

the analysis to buildout. Buildout is a hypothetical condition in which undeveloped land encompassed by the study has been developed to its expected intensity.

Under this approach, the total cost of eligible facilities is divided by the total units of additional demand (based on the demand variable) to calculate a cost per unit of demand. Then, the cost per unit of demand is multiplied by the units of demand per unit of development (e.g., dwelling units or square feet of building area) in each category to arrive at a cost per unit of development. This method is somewhat inflexible in that it is based on the relationship between a particular facility plan and a particular land use plan. If either plan changes significantly, the fees should be recalculated.

Capacity-Based or Consumption-Driven Method. This method calculates a cost per unit of capacity based on the relationship between total cost and total capacity of a system. It can be applied to any type of development, provided the capacity required to serve each increment of development can be estimated and the facility has adequate capacity available to serve the development. Since the fee calculation does not depend on the type or quantity of development to be served, this method is flexible with respect to changing development plans.

Under this method, the cost of unused capacity is not allocated to development. Capacity-based fees are most commonly used for water and wastewater systems, where the cost of a system component is divided by the capacity of that component to derive a unit cost. To produce a schedule of impact fees based on standardized units of development (e.g. dwelling units or square feet of non-residential building area), the cost per unit of capacity is multiplied by the amount of capacity required to serve a typical unit of development in each of several land use categories.

Standard-Based or Incremental Expansion Method. Standard-based fees are calculated using a specified relationship or standard that determines the number of demand units to be provided for each unit of development. The standard can be established as a matter of policy or it can be based on the level of service being provided to existing development in the study area. Using the standard-based method, costs are defined on a generic unit-cost basis and then applied to development according to a standard that sets the amount of service or capacity to be provided for each unit of development.

The standard-based method is useful where facility needs are defined directly by a service standard, and where unit costs can be determined without reference to the total size or capacity of a facility or system. Parks fit that description. It is common for cities or counties to establish a service standard for parks in terms of acres per thousand residents. In addition, the cost per acre for parks can usually be estimated without knowing the size of a particular park or the total acreage of parks in the system.

This approach is also useful for facilities such as libraries, where it is possible to estimate a generic cost per square foot before a building is actually designed. One advantage of the standard-based method is that a fee can be established without committing to a particular size of facility, and facility size can be adjusted based on the amount of development that actually occurs.

Facilities Addressed in this Study

Impact fees for the following types of facilities are covered in this report:

- Street and Intersection Improvements
- Traffic Signals
- Park Improvements

The impact fee analysis for each facility type is presented in a separate chapter of this report, beginning with Chapter 3. The next chapter, Chapter 2, contains data on development and service demand in the study area.

Chapter 2
Land Use and Development Data

Both existing and planned development must be addressed as part of the analysis required to support the calculation of impact fees. This chapter of the report compiles information on existing and planned development in a form that can be used in for the impact fee analysis contained in subsequent chapters of the report.

The information in this chapter forms a basis for establishing levels of service, analyzing facility needs, and allocating the cost of capital facilities between existing and future development and among various types of new development.

Land use and development data in this chapter have been updated from the previous City of Wildomar Impact Fee Study dated January 22, 2014.

Land use data for the 2014 study were based on GIS analysis of Riverside County Assessor's parcel data files, which include land use designations from the City's General Plan. (Upon incorporation in 2008, Wildomar adopted the land use provisions of the Riverside County General Plan.) Existing land uses were classified using Assessors land use codes for currently developed properties. Future uses of undeveloped land were classified using General Plan land use designations.

In this report, data on existing and planned development in Wildomar has been updated from the 2014 study using building permit records. Recently constructed units have been added to existing development in Table 2.2 and subtracted from future development in Table 2.3.

Also, the average population-per-dwelling-unit factors for residential development in Table 2.1 have been updated using data from the U.S. Census Bureau that was not available for the 2014 study. As a result, projected buildout population has changed.

Study Area and Time Frame

The study area for the impact fee analysis is the area within the existing boundaries of the City of Wildomar. The timeframe for this study extends from the present to buildout of all land designated for development within the study area.

The term "buildout" is used to describe a hypothetical condition in which all currently undeveloped land in the study area has been developed as indicated in the Land Use Element of the General Plan, including the General Plan Land Use Map.

The time required for buildout will depend on the rate at which development occurs. However, the rate of development does not enter into the impact fee analysis.

Development Types

The development types used in this study are listed below.

- Single-Family Residential
- Multi-Family Residential
- Commercial
- Office
- Industrial/Business Park
- Public Facilities

Single-Family Residential. In this report, the Single-family Residential development type includes conventional detached units and mobile/manufactured homes on individual lots. (About 20% of Wildomar's existing dwellings are manufactured units.) Future development in this category includes residential development at densities up to and including medium-high density (5-8 units per acre).

Multi-Family Residential. The Multi-family Residential development type includes all attached residential units. Future development in this category includes residential development at densities greater than eight units per acre, including residential development in the Mixed Use Planning Area (MUPA).

Commercial. The Commercial development type includes all types of commercial development commercial except office development. Future development in this category includes any development in areas designated for Commercial Retail uses, as well as non-residential development in the Mixed Use Planning Area (MUPA).

Office. The Office development type includes development in areas designated for Commercial Office uses.

Industrial/Business Park. The Industrial/Business Park development type includes light industrial, warehousing, and business park development. Future development in this category includes any development in areas designated for Light Industrial and Business Park uses. To estimate vehicle trip generation from future development in this category, this study assumes a mix of 50% light industrial and 50% business park uses.

Public Facilities. The public facilities category includes government facilities, schools, hospitals and similar public or quasi-public uses. Parks and open space are not included in this category because they create little or no demand for the facilities addressed in this report.

Units of Development

In this study, quantities of existing and planned development are measured in terms of certain units of development. Those units are discussed below.

Acreage. Land area is a fundamental attribute of all types of development. Gross acreage, representing the acreage of a development site before street right-of-way is dedicated, is used in this study as a measure of land area for all development types.

Dwelling Units. The dwelling unit (DU) is the most commonly used measure of residential development, and is the standard unit for residential development in this study.

Building Area. For private non-residential development, gross building area in thousands of square feet (KSF) is used as the standard unit of development.

The relationship between acreage and the other units of development discussed above can be defined as follow:

Residential Density. The relationship between dwelling units and acreage is referred to as "density," and is defined by the average number of dwelling units per acre for a particular type of residential development. The inverse of density is acres per dwelling unit. For example, single family residential development might have a density of 4.0 dwelling units per acre, which equates to 0.25 acres per dwelling unit.

Floor Area Ratio. Floor area ratio (FAR) is a factor that represents the relationship between building area and site area for non-residential development. For example, a FAR of 0.25 : 1 (commonly expressed 0.25) indicates that building floor area equals 25% of site area. Translated into square feet, for a floor area ratio of 0.25, each acre (43,560 square feet) of site area would convert to 10,890 (43,560 x 0.25) square feet or 10.89 KSF of building area.

Demand Variables

In calculating impact fees, the relationship between facility needs and development must be quantified in cost allocation formulas. Certain measurable attributes of development (e.g., population, vehicle trip generation) are used in those formulas to reflect the impact of different types and amounts of development on the demand for specific public services and the facilities that support those services.

Those attributes are referred to in this study as "demand variables." Demand variables are selected either because they directly measure service demand created by various types of development, or because they are reasonably correlated with that demand.

For example, the service standard for parks in a community is typically defined as a ratio of park acreage to population. As population grows, more parks are needed to maintain the desired standard. Logically, then, population is an appropriate yardstick or demand variable for measuring the impacts of development on the need for additional parks.

Similarly, the need for capacity in a street system depends on the volume of traffic the system must handle. So the vehicle trip generation rate (the number of vehicle trips generated by each unit of development per day) is an appropriate demand variable to represent the impact of development on the street system.

Each demand variable has a specific value for each type of development. Those values may be referred to as *demand factors*. For example, according to the Institute of Transportation Engineers (ITE) trip generation manual, one single-family detached dwelling unit generates an average of 9.57 vehicle trips each weekday.

On that basis, the traffic impact factor for single-family residential development is 9.57 trips per day per dwelling unit. Other land use categories have different impact factors. Some of the impact factors used in this study are based on widely-accepted standards (e.g., trip generation rates), while others are based on local conditions (e.g., population per dwelling unit).

Specific demand variables used in this study are discussed below. The values of demand factors used in this report are shown in Table 2.1 on page 2-5.

Resident Population. Resident population is used as a demand variable to calculate impact fees for facilities like parks that are intended to serve residents of the City. Resident population is tied to residential development, so this variable attributes no demand to non-residential development.

Population estimates and forecasts in this study assume that all residential units are occupied, because once a dwelling units is constructed, the City is committed to serving the population it can accommodate. Where the term "population" is used alone in this report, it refers to resident population. (See the discussion of service population, below.)

Service Population. The impact of development on some facilities addressed in this study is measured using "service population." Service population is a composite variable consisting of both residents and employees. Residents are included to reflect demand created by residential development. Employees of businesses in the City are included to reflect all of the service demand created by non-residential development, not just the demand created by the employees themselves.

Service population was used to calculate some impact fees in the 2014 Wildomar Impact Fee Study to maintain consistency with the 2006 Riverside County Impact Fee Study on which Wildomar's impact fees were based prior to 2014. Service population is not used for the types of facilities addressed in this update.

Vehicle Trips. The impact of development on a City's street and highway system is often measured by the number of average daily vehicle trips (ADT) generated by development. In this study, ADT is used to measure the impact of development on the City's street system, including roadways, intersections, bridges and traffic signals.

The ADT rates used for residential development in this study are taken directly from the Institute of Transportation Engineers (ITE) publication, *Trip Generation*, 7th edition. The ADT rates used for non-residential development are based on ITE rates, but have been adjusted by the Riverside County Transportation and Land Use Management Agency to reflect local conditions.

Table 2.1 on the next page shows the values of key factors used in this study.

Table 2.1: Key Factors Used in This Study

Development Type	Dev Units [1]	Fl Area Ratio [2]	Avg Units per Acre [3]	Pop per Unit [4]	Svc Pop per Unit [5]	Trips per Unit [6]
Residential, Single-Family	DU	N/A	1.41	3.10	3.10	9.57
Residential, Multi-Family	DU	N/A	12.00	2.20	2.20	6.72
Commercial	KSF	0.25	10.89		2.33	34.95
Office	KSF	0.30	13.07		3.00	9.96
Industrial/Business Park	KSF	0.35	15.25		1.34	4.05
Public/Institutional	KSF	0.30	13.07		2.10	10.46

[1] Units of development: DU = dwelling unit; KSF = 1,000 gross square feet of building area (non-residential development)

[2] Expected average floor area ratio (FAR) = square feet of building area / square feet of site area based on 2003 Riverside County General Plan EIR

[3] Average units of development per acre for future development estimated by Colgan Consulting and the City of Wildomar Planning Department

[4] Average population per unit for residential development from the 2014 Wildomar Impact Fee Study

[5] Service population includes average population per unit for residential development and average employees per unit for non-residential development; employees per unit of non-residential development from the 2003 Riverside County General Plan

[6] Average daily trips (ADT) per unit of development; residential trip rates are from the ITE manual *Trip Generation*, 7th Edition; non-residential trip rates are based on the ITE manual with adjustments by the Riverside County Transportation and Land Use Management Agency (TLMA)

Existing and Future Development

Tables 2.2 through 2.4 on the following pages present data on existing and future development in the City of Wildomar. Data from those tables will be used throughout this report. Table 2.2 shows existing development as of March, 2015.

Table 2.2: City of Wildomar - Existing Development - March 2015

Development Types	Unit Type	Acres [1]	Estimated Units [2]	Estimated Svc Pop [3]	Estimated ADT [4]
Residential, Single-Family [5]	DU	4,724.38	9,834	30,485	94,111
Residential, Multi-Family	DU	112.80	1,354	2,979	9,099
Subtotal Residential		4,837.18	11,188	33,464	103,210
Commercial	KSF	238.90	2,600	6,058.0	90,870
Office	KSF	2.04	27	81.0	269
Industrial/Business Park	KSF	52.80	805	1,079	3,258
Public/Institutional	KSF	83.15	1,087	2,283	11,370
Subtotal Non-residential		376.89	4,519	9,501	105,767
Total		**5,214.07**		**42,965**	**208,977**

[1] Acres of existing and future development from 2014 Impact Fee Study, updated to 2015 by Colgan Consulting using building permit data

[2] Estimated units based on data from the 2014 development impact fee study updated to March 2015 using building permit data; population estimates assume 0% vacancy rate

[3] Service population consists of residents (residential development) and employees (non-residential development); based on estimated units in this table and population or employees per unit from Table 2.1

[4] Estimated average daily vehicle trips (ADT) based on estimated units from this table and ADT per unit from Table 2.1

[5] Single-Family unit count includes mobile homes on individual lots

Table 2.3 presents a forecast of future development in the City, based on estimated acres of undeveloped land by development type from the 2014 Impact Fee Study, updated to March 2015 using building permit data.

Table 2.3: City of Wildomar - Added Development (March 2015 to Buildout)

Development Types	Unit Type	Acres [1]	Estimated Units [2]	Estimated Svc Pop [3]	Estimated ADT [4]
Residential, Single-Family	DU	6,130.29	5,435	16,849	52,013
Residential, Multi-Family	DU	58.75	705	1,551	4,738
Subtotal Residential		6,189.04	6,140	18,400	56,751
Commercial	KSF	446.42	4,863	11,331	169,962
Office	KSF	58.79	768	2,304	7,649
Industrial/Business Park	KSF	259.54	3,957	5,302	16,013
Public/Institutional	KSF	82.27	1,074	2,255	11,234
Subtotal Non-residential		847.02	10,662	21,192	204,858
Total		**7,036.06**		**39,592**	**261,609**

Note: see footnotes at Table 2.2

Table 2.4 sums the data from the previous two tables and represents a forecast of total development in the City at buildout.

Table 2.4: City of Wildomar - Total Development at Buildout

Development Types	Unit Type	Acres [1]	Estimated Units [2]	Estimated Svc Pop [3]	Estimated ADT [4]
Residential, Single-Family	DU	10,854.67	15,269	47,334	146,124
Residential, Multi-Family	DU	171.55	2,059	4,530	13,837
Subtotal Residential		11,026.22	17,328	51,864	159,961
Commercial	KSF	685.32	7,463	17,389.00	260,832
Office	KSF	60.83	795	2,385.00	7,918
Industrial/Business Park	KSF	312.34	4,762	6,381.00	19,271
Public/Institutional	KSF	165.42	2,161	4,538.00	22,604
Subtotal Non-residential		1,223.91	15,181	30,693	310,625
Total		**12,250.13**		**82,557**	**470,586**

Growth Potential

The numbers in Tables 2.2, 2.3 and 2.4 indicate that existing residential development in Wildomar represents about 65% of its potential units and buildout population. However, the City has achieved only about 31% of its potential for non-residential development as reflected by the number of employees and square feet of non-residential building area. These tables show that overall development as measured by service population and daily vehicle trips are currently at 52% and 44% of buildout levels, respectively.

Another way of looking at those numbers is that if development in Wildomar occurs as depicted in this report, the City's population will ultimately increase by 55% from current levels. Employment in the City could more than triple, and total vehicle trips could increase by 125% from current levels.

The fees calculated in subsequent chapters are intended to pay for the capital facilities needed to serve the additional demand created by future development forecasted in this chapter.

Chapter 3
Transportation Impact Fees - Roads

This chapter updates transportation impact fees for roads that were calculated in the previous City of Wildomar Impact Fee Study dated January 22, 2014. Those fees cover improvements to streets and intersections, including bridges and culverts.

The improvements identified in this chapter are based on the current City of Wildomar General Plan Circulation Element. Projects to be funded by the Western Riverside County Council of Governments (WRCOG) Transportation Uniform Mitigation Fee (TUMF) are excluded from this analysis. The City has determined that there are no existing deficiencies in the portions of the City's street system that will be funded by impact fees calculated in this chapter.

This update adds the cost of two lanes of Bundy Canyon Road from I-15 to Sunset Avenue, that were previously covered by TUMF. It also updates the cost estimate for the La Estrella Street bridge. Both of those changes appear in Table 2.1. Other costs are unchanged.

In addition, the fee calculations in this chapter are affected by revisions to data on future development in Chapter 2.

Service Area

The service area for fees calculated in this chapter is the entire City of Wildomar, and those fees are intended to apply to all future development in the study area.

Methodology

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined set of land uses that will be served by the improvements. The street and intersection improvement projects identified in this chapter will be needed entirely as a result of future development, so the entire cost of those improvements is allocated to future development in the impact fee calculations.

Demand Variable

In this analysis, the impact of new development on the need for street improvements is measured by average daily vehicle trips (ADT) associated with future development. Increases in vehicle trips resulting from new development are projected using the trip generation factors from Table 2.1 and added development units from Table 2.3, both in Chapter 2 of this report.

Level of Service

The improvements listed in this analysis are based on the level of service standard established in the General Plan Circulation Element. Specifically, the Circulation element provides for Level of Service (LOS) C generally, but allows LOS D at intersections of any combination of secondary highways, major highways, urban expressways and freeway ramps.

Improvement Costs

Table 3.1 on the next page, lists the street and intersection improvements, including bridge widening and culvert extensions used to calculate updated impact fees in this chapter. Estimated costs are shown for each project

The projects listed in Table 3.1 include only improvements beyond the two inside lanes on any roadway. The two inside travel lanes across the frontage of any development project are considered project improvements necessary for access to the development, and therefore will be the direct responsibility of abutting developers on either side of the street.

Any additional street improvements beyond two travel lanes, including additional lanes, frontage improvements, bridge widening and culvert extensions are covered by the impact fees calculated in this chapter.

Intersection improvements are also split between those associated with a two-lane street and those needed for the full development of the street section as indicated in the Circulation Element. Intersection improvements in excess of those required for two-lane streets are covered by the impact fees calculated in this chapter.

Table 3.1: Street and Intersection Improvements (Excludes TUMF Projects)

Project	Segment	Estimated Cost [1]
Street Improvements		
Bundy Canyon Rd	I-15 to Sunset Av	$ 12,711,300
Bundy Canyon Rd	Corydon St to Mission Tr	$ 99,669
Baxter Rd	I-15 NB ramp to Porras Rd	$ 3,441,316
La Estrella St	Porras Rd to W of Meadow Park Dr	$ 1,270,952
La Estrella St	E of Crest Meadows Dr to City Limit	$ 3,184,678
Grand Av	Central St to Clinton Keith Rd	$ 4,462,761
Orange St	Bundy Canyon Rd to Gruwell St	$ 4,463,511
Gruwell St	Orange St to Palomar St	$ 225,181
Monte Vista Dr	Bundy Canyon Rd to Baxter	$ 4,307,701
Unnamed North-South St	Baxter to La Estrella St	$ 1,763,410
Porras Rd	Baxter to La Estrella St	$ 713,865
George Av	La Estrella to Clinton Keith Rd	$ 1,075,821
Iodine Springs Rd	La Estrella to Clinton Keith Rd	$ 1,548,491
Inland Valley Dr	Clinton Keith Rd to Prielipp Rd	$ 671,301
Prielipp Rd	Inland Valley to City Limit	$ 1,309,758
Subtotal Street Improvements		$ 41,249,715
Intersection Improvements		
Intersection Frontage	Bundy Canyon Rd / Corydon St	$ 1,482,965
Intersection Frontage	Bundy Canyon Rd / Mission Tr	$ 1,888,629
Intersection Frontage	Bundy Canyon Rd / Orange St	$ 1,290,456
Intersection Frontage	Bundy Canyon Rd / Sellers Rd	$ 1,126,054
Intersection Frontage	Bundy Canyon Rd / Monte Vista Rd	$ 786,366
Intersection Frontage	Bundy Canyon Rd / Farm Rd	$ 1,202,780
Intersection Frontage	Bundy Canyon Rd / Sunset Av (1/2)	$ 503,906
Intersection Frontage	Central Av / Wild Stallion Ln & Cevera Rd	$ 903,137
Intersection Frontage	Central Av (Baxter) / Monte Vista Rd	$ 883,787
Intersection Frontage	Clinton Keith Rd / 730' E of Palomar St	$ 313,459
Intersection Frontage	Clinton Keith Rd / Stable Lanes Rd	$ 580,971
Intersection Frontage	Clinton Keith Rd / Hidden Springs Rd	$ 580,971
Intersection Frontage	Clinton Keith Rd / Arya Dr	$ 222,928
Intersection Frontage	Clinton Keith Rd / George Av	$ 953,853
Intersection Frontage	Clinton Keith Rd / Inland Valley Dr	$ 1,630,753
Intersection Frontage	Clinton Keith Rd / Smith Ranch Rd	$ 313,459
Intersection Frontage	Grand Av / Corydon St	$ 614,519
Intersection Frontage	Grand Av / Sheila Ln	$ 349,235
Intersection Frontage	Grand Av / Gruwell St	$ 606,279
Intersection Frontage	Grand Av / McVicar St	$ 430,509
Intersection Frontage	Corydon St / Palomar St	$ 1,397,534
Intersection Frontage	Corydon St / Union Av	$ 655,844
Intersection Frontage	Mission Tr / Malaga Rd	$ 472,892
Intersection Frontage	Mission Tr / Canyon Dr	$ 827,541
Intersection Frontage	Mission Tr / Palomar St	$ 1,267,472
Intersection Frontage	Mission Tr (Palomar) / Gruwell St	$ 1,128,990
Intersection Frontage	Mission Tr (Palomar) / McVicar St	$ 784,952
Subtotal Intersection Improvements		$ 23,200,242
Bridges and Culverts		
La Estrella Street Bridge		$ 5,000,000
Gruwell St. @Murrieta Creek/Wildomar Channel Bridge Widening		$ 535,531
Central St. @ Murrieta Creek/Wildomar Channel Bridge Widening		$ 448,351
Wildomar Creek Culvert Extension @ McVicar		$ 23,280
Subtotal Bridges and Culverts		$ 6,007,162
Total		**$ 70,457,119**

[1] Detailed cost estimates are available from the City of Wildomar Public Works Department

Table 3.2 applies the current balance in the street impact fee fund as a credit against the total cost of improvements from Table 3.1.

Table 3.2: Credit for Impact Fee Fund Balance

Cost Component	Impact Fee Cost Share [1]
Street, Intersection, Bridge and Culvert Improvements	$ 70,457,119
Credit for Street Impact Fee Fund Balance [2]	$ (318,984)
Total	**$ 70,138,135**

[1] See Table 3.1

[2] Current street impact fee fund balance is credited against the cost of improvements used in the impact fee calculations

Allocation of Costs

In Table 3.3, the initial allocation of street and intersection improvement costs to future development by development type is based on the share of new vehicle trips associated with each type of development.

However, the costs allocated to the Public/Institutional development category, primarily made up of public schools, cannot be charged directly to school districts or other government entities, so those costs are reallocated to residential development as explained on the next page.

Table 3.3: Allocation of Costs - Street and Intersection Improvements

Development Type	Dev Units [1]	Share of New Trips [2]	Share of Cost [3]	Realloc P/I Cost [4]	Final Allocation [5]
Residential, Single-Family	DU	19.9%	$ 13,944,837	$ 2,760,415	$ 16,705,252
Residential, Multi-Family	DU	1.8%	$ 1,270,272	$ 251,453	$ 1,521,725
Commercial	KSF	65.0%	$ 45,567,307		$ 45,567,307
Office	KSF	2.9%	$ 2,050,719		$ 2,050,719
Industrial/Business Park	KSF	6.1%	$ 4,293,132		$ 4,293,132
Public/Institutional	KSF	4.3%	$ 3,011,868	$ (3,011,868)	$ 0
Totals		100.0%	$ 70,138,135	$ 0	$ 70,138,135

[1] Units of development; DU = dwelling unit, KSF = 1,000 gross square feet of building area

[2] New vehicle trips by development type as a percentage of total new vehicle trips; percentages based on data from Table 2.3

[3] Share of improvement cost = total improvement cost from Table 3.2 X share of new trips

[4] Reallocated Public/Institutional costs; see discussion in text

[5] Final allocation = share of cost + reallocated Public/Institutional cost

A portion of the traffic associated with new development will be generated by public facilities, mainly public schools. The City does not have the authority to impose impact fees on school districts or other government entities.

Since the need for those additional public facilities will be driven almost entirely by increases in population due to new residential development, the costs initially allocated to Public/Institutional development in Table 3.3 are reallocated in that table to single family and multi-family residential development, based on their relative shares of trip generation.

Costs shown in the final allocation column of Table 3.3 are used to calculate impact fees in the next section. The reallocated amount makes up approximately 17% of the road impact fees for residential development.

Impact Fees per Unit of Development

The calculation of impact fees per unit of development by development type is shown in Table 3.4. Costs allocated to each type of development in Table 3.3 are divided by the added trips for that development type to calculate a cost per trip. Then the cost per trip is multiplied by trips per unit of development to arrive at a fee per unit for each development type.

Table 3.4: Impact Fees per Unit of Development - Street and Intersection Improvements

Development Type	Dev Units [1]	Final Cost Allocation [2]	Added Trips [3]	Cost per Trip [4]	Trips per Unit [5]	Fee per Unit [6]
Residential, Single-Family	DU	$ 16,705,252	52,013	$ 321.17	9.57	$ 3,073.64
Residential, Multi-Family	DU	$ 1,521,725	4,738	$ 321.17	6.72	$ 2,158.29
Commercial	KSF	$ 45,567,307	169,962	$ 268.10	34.95	$ 9,370.20
Office	KSF	$ 2,050,719	7,649	$ 268.10	9.96	$ 2,670.31
Industrial/Business Park	KSF	$ 4,293,132	16,013	$ 268.10	4.05	$ 1,084.96
Public/Institutional	KSF	$ 0	11,234	$ 0.00	10.46	$ 0.00

[1] Units of development; DU = dwelling unit, KSF = 1,000 gross square feet of building area

[2] Final cost allocation; see Table 3.3

[3] Trips added by future development type; see Table 2.3

[4] Cost per trip = final cost allocation / added trips

[5] Trips per unit; see Table 2.1

[6] Fee per unit of development = cost per trip X trips per unit

Projected Revenue

Potential revenue from the street impact fees calculated in this chapter can be projected by applying the fees per unit of development from Table 3.4 to forecasted future units as shown in Table 2.3. The results are shown in Table 3.5 on the next page.

Table 3.5: Projected Revenue - Road Impact Fees

Development Type	Dev Units [1]	Fee per Unit [2]	Future Units [3]	Projected Revenue [4]
Residential, Single-Family	DU	$ 3,073.64	5,435	$ 16,705,233
Residential, Multi-Family	DU	$ 2,158.29	705	$ 1,521,594
Commercial	KSF	$ 9,370.20	4,863	$ 45,567,283
Office	KSF	$ 2,670.31	768	$ 2,050,798
Industrial/Business Park	KSF	$ 1,084.96	3,957	$ 4,293,187
Public/Institutional	KSF	$ 0.00	1,074	$ 0
Total				**$ 70,138,095**

[1] Units of development; DU = dwelling unit, KSF = 1,000 gross square feet of building area

[2] Fee per unit of development; see Table 3.4

[3] Future units; see Table 2.3

[4] Projected revenue = fee per unit X future units

Impact fees calculated in this chapter are based on the cost of providing street and intersection improvements that are needed to serve future development. Assuming that development occurs and improvements are constructed as anticipated in this study, the revenue projected in Table 3.5 would approximately cover the total improvement cost shown in Table 3.1, provided that fees are adjusted periodically to keep pace with changes in construction costs.

Costs and impact fees in this report are shown in current dollars. Once adopted, impact fees should be adjusted at least annually, to reflect changes in price levels. An index, such as the *Engineering News Record* Construction Cost Index (CCI) can be used to adjust facility cost estimates until the cost estimates and fee calculations are updated. See the Implementation Chapter for more on indexing of fees and on imposition of impact fees for street and intersection improvements.

Chapter 4
Transportation Impact Fees - Traffic Signals

This chapter calculates transportation impact fees for traffic signals to replace the City's existing traffic signal impact fees. The City adopted Riverside County's impact fees for traffic signals after incorporation, and those fees were not re-calculated in the most recent City of Wildomar Impact Fee Study dated January 22, 2014.

This study calculates new traffic signal impact fees based on a recent analysis of signal needs by the City of Wildomar Public Works Department. The traffic signal improvements identified in this chapter are based on the current City of Wildomar General Plan Circulation Element. The City has determined that there are no existing deficiencies with respect to the traffic signals that will be funded by impact fees calculated in this chapter.

Service Area

The service area for fees calculated in this chapter is the entire City of Wildomar, and those fees are intended to apply to all future development in the study area.

Methodology

This chapter calculates impact fees using the plan-based method discussed in Chapter 1. Plan-based fees are calculated by allocating costs for a defined set of improvements to a defined set of land uses that will be served by the improvements. The traffic signal improvement costs used in the impact fee calculations are those that will be needed as a result of new development generally. Costs for some traffic signal improvements listed in Table 4.1 will be the responsibility of individual development projects, or of adjacent cities or Riverside County and those costs are excluded from the impact fee calculations.

Demand Variable

In this analysis, the impact of new development on the need for traffic signal improvements is measured by average daily vehicle trips (ADT) associated with future development. Increases in vehicle trips resulting from new development are projected using the trip generation factors from Table 2.1, and added development units from Table 2.3, both in Chapter 2.

Level of Service

The improvements listed in this analysis are based on the level of service standard established in the General Plan Circulation Element. Specifically, the Circulation element provides for Level of Service (LOS) C generally, but allows LOS D at intersections of any combination of secondary highways, major highways, urban expressways and freeway ramps.

Improvement Costs

Table 4.1 on the next page, lists the traffic signal improvements used to calculate impact fees in this chapter. That table shows both the total estimated cost of each signal project and the share of that cost to be used in the impact fee calculations.

Table 4.1: Traffic Signal Improvements

Location	Cross Street	Type	Improvement	Total Cost [1]	Impact Fee Share [2]
Bundy Canyon Rd	Corydon St	New	Install new 4-way	$ 332,000	$ 166,000
Bundy Canyon Rd	Mission Trail	Existing 3-way	Modify to Ultimate 4-way	$ 332,000	$ 249,000
Bundy Canyon Rd	Orange St	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 166,000
Bundy Canyon Rd	Sellers Rd	New	Install new 4-way	$ 332,000	$ 249,000
Bundy Canyon Rd	Monte Vista Dr	New	Install new 3-way	$ 222,000	$ 222,000
Bundy Canyon Rd	West of Tulip	New 3-way	Install new 3-way	$ 222,000	$ 0
Bundy Canyon Rd	The Farm Rd	Existing 3-way	Modify to Ultimate 3-way	$ 222,000	$ 111,000
Bundy Canyon Rd	Harvest Way W	New 4-way	Install new 4-way	$ 332,000	$ 0
Bundy Canyon Rd	Harvest Way E	New 4-way	Install new 4-way	$ 332,000	$ 0
Bundy Canyon Rd	Sunset Av	New 4-way	Install new 4-way	$ 332,000	$ 166,000
Central St	Grand Av	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 166,000
Central St	Palomar St	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 332,000
Central St	Wild Stallion/ Cevera Rd	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 332,000
Central St/Baxter	Monte Vista Dr	New 3-way	Install new 3-way	$ 222,000	$ 222,000
Clinton Keith Rd	Grand Av	Existing 3-way	Modify to Ultimate 3-way	$ 222,000	$ 111,000
Clinton Keith Rd	Palomar St	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 332,000
Clinton Keith Rd	Renaissance Ctr	Existing 3-way	Modify to Ultimate 3-way	$ 222,000	$ 222,000
Clinton Keith Rd	Stable Lanes	New 4-way	Install new 4-way	$ 332,000	$ 332,000
Clinton Keith Rd	Hidden Springs Rd	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 83,000
Clinton Keith Rd	Arya	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 166,000
Clinton Keith Rd	George Av	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 166,000
Clinton Keith Rd	Inland Valley Dr	Existing 3-way	Modify to Ultimate 4-way	$ 332,000	$ 249,000
Clinton Keith Rd	Salida Del Sol	New 4-way	Install new 4-way	$ 332,000	$ 332,000
Clinton Keith Rd	Elizabeth Ln	New 4-way	Install new 4-way	$ 332,000	$ 332,000
Clinton Keith Rd	Smith Ranch Rd	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 166,000
Grand Av	McVicar St	New 3-way	Install new 3-way	$ 222,000	$ 222,000
Grand Av	Gruwell St	New 3-way	Install new 3-way	$ 222,000	$ 222,000
Grand Av	Shiela	New 4-way	Install new 4-way	$ 332,000	$ 332,000
Grand Av	Corydon St	Existing 3-way	Modify to Ultimate 3-way	$ 222,000	$ 222,000
Palomar St	Inland Valley Dr	New 4-way	Install new 4-way	$ 332,000	$ 332,000
Palomar St	McVicar St	New 4-way	Install new 4-way	$ 332,000	$ 332,000
Palomar St	Gruwell St	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 332,000
Palomar St	Mission Trail	New 3-way	Install new 3-way	$ 222,000	$ 222,000
Palomar St	Corydon St	Existing 3-way	Modify to Ultimate 3-way	$ 222,000	$ 222,000
Corydon St	Union St	Exsiting 4-way	Modify to Ultimate 4-way	$ 332,000	$ 166,000
Mission Trail	Canyon Dr	Existing 3-way	Modify to Ultimate 3-way	$ 222,000	$ 222,000
Mission Trail	Corydon St	Existing 3-way	Modify to Ultimate 3-way	$ 222,000	$ 222,000
Mission Trail	Lemon St	Existing 3-way	Modify to Ultimate 3-way	$ 222,000	$ 222,000
Mission Trail	Olive St	Existing 3-way	Modify to Ultimate 3-way	$ 222,000	$ 222,000
Mission Trail	Elberta Rd	Existing 3-way	Modify to Ultimate 4-way	$ 332,000	$ 166,000
Mission Trail	Malaga Rd	Existing 4-way	Modify to Ultimate 4-way	$ 332,000	$ 166,000
Inland Valley Dr	Hidden Springs Rd	New 4-way	Install new 4-way	$ 332,000	$ 0
Inland Valley Dr	Prielipp Rd	New 3-way	Install new 3-way	$ 222,000	$ 222,000
Prielipp Rd	Salida Del Sol	New 3-way	Install new 3-way	$ 222,000	$ 222,000
Prielipp Rd	Elizabeth Ln	New 4-way	Install new 4-way	$ 332,000	$ 332,000
Total				**$ 13,070,000**	**$ 9,472,000**

[1] Estimated total cost of traffic signal improvement; details available from the City of Wildomar Public Works Department

[2] Share of cost to be recovered from impact fees; some signals will be the responsibility of individual developers; cost of signals located on City boundaries will be shared with other jurisdictions

Table 4.2 applies the current balance in the traffic signal impact fee fund as a credit against the impact fee share of cost of the improvements in Table 4.1.

Table 4.2: Credit for Impact Fee Fund Balance

Cost Component	Impact Fee Cost Share [1]
Traffic Signal Improvements	$ 9,472,000
Credit for Traffic Signal Impact Fee Fund Balance [2]	$ (371,064)
Total	**$ 9,100,936**

[1] See Table 4.1

[2] Current traffic signal impact fee fund balance is credited against the cost of improvements used in the impact fee calculations

Allocation of Costs

In Table 4.3, the initial allocation of traffic signal improvement costs to future development by development type is based on the share of new vehicle trips associated with each type of development.

However, the costs allocated to the Public/Institutional development category, primarily made up of public schools, cannot be charged directly to school districts or other government entities, so those costs are reallocated to residential development as explained on the next page.

Table 4.3: Allocation of Costs - Traffic Signal Improvements

Development Type	Dev Units [1]	Share of New Trips [2]	Share of Cost [3]	Realloc P/I Cost [4]	Final Allocation [5]
Residential, Single-Family	DU	19.9%	$ 1,809,445	$ 358,184	$ 2,167,629
Residential, Multi-Family	DU	1.8%	$ 164,827	$ 32,628	$ 197,455
Commercial	KSF	65.0%	$ 5,912,691		$ 5,912,691
Office	KSF	2.9%	$ 266,096		$ 266,096
Industrial/Business Park	KSF	6.1%	$ 557,065		$ 557,065
Public/Institutional	KSF	4.3%	$ 390,812	$ (390,812)	$ 0
Totals		100.0%	$ 9,100,936	$ 0	$ 9,100,936

[1] Units of development; DU = dwelling unit, KSF = 1,000 gross square feet of building area

[2] New vehicle trips by development type as a percentage of total new vehicle trips; percentages based on data from Table 2.3

[3] Share of improvement cost = total improvement cost from Table 4.3 X share of new trips

[4] Reallocated Public/Institutional costs; see discussion in text

[5] Final allocation = share of cost + reallocated Public/Institutional cost

A portion of the traffic associated with new development will be generated by public facilities, mainly public schools. The City does not have the authority to impose impact fees on school districts or other government entities.

Since the need for those additional public facilities will be driven almost entirely by increases in population due to new residential development, the costs initially allocated to Public/Institutional development in Table 4.3 are reallocated in that table to single family and multi-family residential development, based on their relative shares of trip generation.

Costs shown in the final allocation column of Table 4.3 are used to calculate impact fees in the next section. The reallocated amount makes up approximately 17% of the traffic signal impact fees for residential development.

Impact Fees per Unit of Development

The calculation of impact fees per unit of development by development type is shown in Table 4.4. Costs allocated to each type of development in Table 4.2 are divided by the added trips for that development type to calculate a cost per trip. Then the cost per trip is multiplied by the trips per unit of development to arrive at a fee per unit.

Table 4.4: Impact Fees per Unit of Development - Traffic Signal Improvements

Development Type	Dev Units [1]	Final Cost Allocation [2]	Added Trips [3]	Cost per Trip [4]	Trips per Unit [5]	Fee per Unit [6]
Residential, Single-Family	DU	$ 2,167,629	52,013	$ 41.67	9.57	$ 398.83
Residential, Multi-Family	DU	$ 197,455	4,738	$ 41.67	6.72	$ 280.05
Commercial	KSF	$ 5,912,691	169,962	$ 34.79	34.95	$ 1,215.85
Office	KSF	$ 266,096	7,649	$ 34.79	9.96	$ 346.49
Industrial/Business Park	KSF	$ 557,065	16,013	$ 34.79	4.05	$ 140.78
Public/Institutional	KSF	$ 0	11,234	$ 0.00	10.46	$ 0.00

[1] Units of development; DU = dwelling unit, KSF = 1,000 gross square feet of building area

[2] Final cost allocation; see Table 4.3

[3] Trips added by future development type; see Table 2.3

[4] Cost per trip = final cost allocation / added trips

[5] Trips per unit; see Table 2.1

[6] Fee per unit of development = cost per trip X trips per unit

Projected Revenue

Potential revenue from the traffic signal impact fees calculated in this chapter can be projected by applying the fees per unit of development from Table 4.4 to forecasted future units as shown in Table 2.3. The results are shown in Table 4.5 on the next page.

Table 4.5: Projected Revenue - Traffic Signal Impact Fees

Development Type	Dev Units [1]	Fee per Unit [2]	Future Units [3]	Projected Revenue [4]
Residential, Single-Family	DU	$ 398.83	5,435	$ 2,167,641
Residential, Multi-Family	DU	$ 280.05	705	$ 197,435
Commercial	KSF	$ 1,215.85	4,863	$ 5,912,679
Office	KSF	$ 346.49	768	$ 266,104
Industrial/Business Park	KSF	$ 140.78	3,957	$ 557,066
Public/Institutional	KSF	$ 0.00	1,074	$ 0
Total				**$ 9,100,926**

[1] Units of development; DU = dwelling unit, KSF = 1,000 gross square feet of building area

[2] Fee per unit of development; see Table 4.4

[3] Future units; see Table 2.3

[4] Projected revenue = fee per unit X future units

Impact fees calculated in this chapter are based on the cost of providing traffic signal improvements that are needed to serve future development, generally. Some additional traffic signal costs will be the responsibility of individual development projects.

Assuming that development occurs and improvements are constructed as anticipated in this study, the revenue projected in Table 4.5 would approximately cover the share of improvement costs assigned to impact fees in Table 4.1-- provided that fees are adjusted periodically to keep pace with changes in construction costs.

Costs and impact fees in this report are shown in current dollars. Once adopted, impact fees should be adjusted at least annually, to reflect changes in price levels. An appropriate index can be used to adjust facility cost estimates until the cost estimates and fee calculations are updated. See the Implementation Chapter for more on indexing of fees and on imposition of impact fees for street and intersection improvements.

Chapter 5
Park Improvement Impact Fees

This chapter calculates impact fees for park improvements. Wildomar has an existing ordinance that requires payment of in-lieu fees for park land acquisition by residential subdivisions pursuant to the Quimby Act. For residential development not involving a subdivision, the City has adopted an impact fee for park land acquisition. Only one of those fees can be charged to a single project.

The fees described above are based only on the cost of acquiring park land, not the cost of park improvements. The impact fee calculated in this chapter is designed to cover the cost of park improvements, and is intended to apply to all residential development in the City. If adopted, it would be charged in addition to fees for park land acquisition.

Service Area

Fees are calculated in this chapter for a single service area encompassing the entire City of Wildomar, so those fees are intended to apply citywide.

Park impact fees should be spent to benefit the development paying the fees. To the extent that park impact fees are spent on community parks, proximity to development is less of an issue than for neighborhood parks, because community parks have a much larger service radius.

Methodology

This chapter calculates impact fees using the standard-based method described in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. See the discussion in the Level of Service section below.

Demand Variable

Level-of-service standards for parks are almost universally based on population, and the Quimby Act specifies that park land dedication requirements and in-lieu fees must be based on a ratio of park acreage to population. Consequently, population is used as the demand variable in calculating these park improvement impact fees. Because added population in the City is driven by residential development, these fees will be charged only to residential development.

Level of Service

The level of service standard used to calculate park improvement impact fees in this chapter is 3.0 acres per 1,000 residents--the same ratio specified in the Quimby Act for park land acquisition.

Wildomar has three existing parks, which are listed in Table 5.1. The parks master plan currently being prepared for the City designates one of the existing parks (Marna O'Brien Park) for development as a community park. The master plan also proposes two other community parks, five new neighborhood parks, and several mini-parks.

Table 5.1: Existing Parks

Existing Parks	Total Acreage
Marna O'Brien Park	8.94
Regency Heritage Park	3.26
Windsong Park	2.07
Total	**14.27**

Table 5.2 calculates the existing ratio of park acreage to population for both total park acreage and improved park acreage.

Table 5.2: Existing Park Acres per Capita

Improved Park Acres [1]	Undev Park Acres [2]	Total Park Acres [3]	Est 2015 Population [4]	Impr Park Ac per Capita [5]	Total Park Ac per Capita [6]
14.27	27.00	41.27	36,231	0.00039	0.00114

[1] Existing acres of improved parks in Wildomar; see Table 5.1

[2] Undeveloped park acreage = 27 acres of recently-acquired park land next to Ronald Reagan elementary school

[3] Total park acres = improved park acres + undeveloped park acres

[4] Estimated 2015 population; see Table 2.2

[5] Improved park acres per capita = improved park acres / 2015 population

[6] Total park acres per capita = total park acres / 2015 population

Acres per Unit of Development

Table 5.3 on the next page uses the acres-per-capita standard of 3.0 acres per 1,000 residents (0.003 acres per capita) and the population per dwelling unit from Table 2.1, to calculate the acres per unit requirement for park development impact fees.

Table 5.3: Acres per Unit - Park Improvement Impact Fees

Development Type	Dev Units [1]	Acres per Capita Std [2]	Population per Unit [3]	Acres per Unit [4]
Residential, Single-Family	DU	0.00300	3.10	0.0093
Residential, Multi-Family	DU	0.00300	2.20	0.0066

[1] DU = dwelling units

[2] Park acres per capita at the Quimby Act standard of 3.0 ac per 1,000 residents

[3] Population per dwelling unit; see Table 2.1

[4] Acres per unit = improved acres per capita X persons per unit

Impact Fees per Unit of Development

Table 5.4 uses the acres-per-unit factors from Table 5.3, and an estimated park improvement cost-per-acre based on the recently adopted Park Master Plan, to calculate impact fees per unit of development by development type.

Table 5.4: Impact Fee per Unit - Park Improvement Impact Fees

Development Type	Dev Units [1]	Acres per Unit [2]	Cost per Acre [3]	Impact Fee per Unit [4]
Residential, Single-Family	DU	0.0093	$420,184	$3,907.71
Residential, Multi-Family	DU	0.0066	$420,184	$2,773.21

[1] DU = dwelling units

[2] Acres per unit; see Table 5.3

[3] Estimated cost per acre for park improvements based on Park Master Plan

[4] Park improvement impact fee per unit = acres per unit X cost per acre

Projected Revenue

Potential revenue from the park improvement impact fee is calculated in Table 5.5 on the next page. That calculation uses the impact fees per unit from Table 5.4 and the number of future residential units, by type, from Table 2.3, Chapter 2.

Table 5.5: Projected Revenue - Park Improvement Impact Fees

Development Type	Units [1]	Impact Fee per Unit [2]	Future Units [3]	Projected Revenue [4]
Residential, Single-Family	DU	$3,907.71	5,435	$ 21,238,410
Residential, Multi-Family	DU	$2,773.21	705	$ 1,955,116
Total				**$ 23,193,527**

[1] DU = dwelling unit

[2] Park improvement impact fee per unit; see Table 5.4

[3] See Table 2.3, Chapter 2

[4] Projected revenue = impact fee per unit X future units

The revenue projected in Table 5.5 represents new development's 35% share of the combined value of existing and planned parks improvements. The balance of the cost of master planned park improvements, approximately $36.2 million, will have to be funded by the City from non-impact fee sources.

The costs used in this chapter are in current dollars, and the fees calculated above should be adjusted periodically to reflect changes in park improvement costs. An index such as the *Engineering News Record* Building Cost Index (BCI) could be used to estimate changes in construction costs for park improvements annually until new cost estimates or actual construction costs can be used to update the current estimates.

Chapter 6
Implementation

This chapter of the report contains recommendations for adoption and administration of a development impact fee program based on this study, and for the interpretation and application of impact fees recommended herein.

Statutory requirements for the adoption and administration of fees imposed as a condition of development approval are found in the Mitigation Fee Act (Government Code Sections 66000 *et seq.*). For implementation of fees in lieu of park land dedication, see the Quimby Act (Government Code Section 66477).

Adoption

The form in which development impact fees are enacted, whether by ordinance or resolution, should be determined by the City Attorney. Ordinarily, it is desirable that specific fee amounts be set by resolution to facilitate periodic adjustments. Procedures for adoption of fees subject to the Mitigation Fee Act, including notice and public hearing requirements, are specified in Government Code Sections 66016 and 66018. It should be noted that Section 66018 refers to Government Code Section 6062a, which requires that the public hearing notice be published at least twice during the 10-day notice period. Government Code Section 66017 provides that fees subject to the Mitigation Fee Act do not become effective until 60 days after final action by the governing body.

Actions establishing or increasing fees subject to the Mitigation Act require certain findings, as set forth in Government Code Section 66001 and discussed below and in Chapter 1 of this report.

Establishment of Fees. Pursuant to the Mitigation Fee Act (Section 66001(a)), when the City establishes fees to be imposed as a condition of development approval, it must make findings to:

1. Identify the purpose of the fee;
2. Identify the use of the fee; and
3. Determine how there is a reasonable relationship between:
    a. The use of the fee and the type of development project on which it is imposed;
    b. The need for the facility and the type of development project on which the fee is imposed

Examples of findings that could be used for impact fees calculated in this study are shown below. The specific language of such findings should be reviewed and approved by the City Attorney.

Finding: Purpose of the Fee. The City Council finds that the purpose of the impact fees hereby enacted is to prevent new development from reducing the quality and availability of public services provided to residents of the City by requiring new development to contribute to the cost of additional capital assets needed to serve additional development.

Finding: Use of the Fee. The City Council finds that revenue from the impact fees hereby enacted will be used to construct public facilities and pay for other capital assets needed to serve new development. Those public facilities and other assets are identified in the 2015 Development Impact Fee Update prepared by Colgan Consulting Corporation. [1]

Finding: Reasonable Relationship: Based on analysis presented in the 2015 Development Impact Fee Update prepared by Colgan Consulting Corporation, the City Council finds that there is a reasonable relationship between:

a. The use of the fees and the types of development projects on which they are imposed; and,

b. The need for facilities and the types of development projects on which the fees are imposed.

Administration

The California Mitigation Fee Act (Government Code Sections 66000 et seq.) mandates procedures for administration of impact fee programs, including collection and accounting, reporting, and refunds. References to code sections in the following paragraphs pertain to the California Government Code.

Imposition of Fees. Pursuant to the Mitigation Fee Act (Section 66001(a)), when the City imposes an impact fee upon a specific development project, it must make essentially the same findings adopted upon establishment of the fees to:

1. Identify the purpose of the fee;
2. Identify the use of the fee; and
3. Determine how there is a reasonable relationship between:
    a. The use of the fee and the type of development project on which it is imposed;
    b. The need for the facility and the type of development project on which the fee is imposed

[1] According to Gov't Code Section 66001 (a) (2), the use of the fee may be specified in a capital improvement plan, the General Plan, or other public documents that identify the public facilities for which the fee is charged. The findings recommended here identify this impact fee study as the source of that information.

Per Section 66001 (b), at the time when an impact fee is imposed on a specific development project, the City is also required to make a finding to determine how there is a reasonable relationship between:

> c. The amount of the fee and the facility cost attributable to the development project on which it is imposed.

In addition, Section 66006 (f) provides that a local agency, at the time it imposes a fee for public improvements on a specific development project, "... shall identify the public improvement that the fee will be used to finance." In this case, the fees will be used to finance public facilities, infrastructure, and other development-related capital expenditures identified in the 2013 Development Impact Fee Study prepared by Colgan Consulting Corporation.

Section 66020 (d) (1) requires that the City, at the time it imposes an impact fee provide a written statement of the amount of the fee and written notice of a 90-day period during which the imposition of the fee can be protested. Failure to protest imposition of the fee during that period may deprive the fee payer of the right to subsequent legal challenge.

Section 66022 (a) provides a separate procedure for challenging the establishment of an impact fee. Such challenges must be filed within 120 days of enactment.

The City should develop procedures for imposing fees that satisfy those requirements for findings and notice.

Collection of Fees. Section 66007 (a), provides that a local agency shall not require payment of fees by developers of residential projects prior to the date of final inspection, or issuance of a certificate of occupancy, whichever occurs first. However, "utility service fees" (not defined) may be collected upon application for utility service. In a residential development project of more than one dwelling unit, Section 66007 (a) allows the agency to choose to collect fees either for individual units or for phases upon final inspection, or for the entire project upon final inspection of the first dwelling unit completed.

Section 66007 (b) provides two exceptions when the local agency may require the payment of fees from developers of residential projects at an earlier time: (1) when the local agency determines that the fees "will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan prior to final inspection or issuance of the certificate of occupancy" or (2) the fees are "to reimburse the local agency for expenditures previously made."

Statutory restrictions on the time at which fees may be collected do not apply to non-residential development.

In cases where the fees are not collected upon issuance of building permits, Sections 66007 (c) (1) and (2) provide that the city may require the property owner to execute a contract to pay the fee, and to record that contract as a lien against the property until the fees are paid.

Earmarking and Expenditure of Fee Revenue. Section 66006 (a) mandates that fees be deposited "with other fees for the improvement" in a separate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments and expend those fees solely for the purpose for which the fee was collected. Section 66006 (a) also requires that interest earned on the fee revenues be placed in the capital account and used for the same purpose.

The language of the law is not clear as to whether depositing fees "with other fees for the improvement" refers to a specific capital improvement or a class of improvements (e.g., street improvements). We are not aware of any city that has interpreted that language to mean that funds must be segregated by individual projects.

As a practical matter, that approach is unworkable because it would mean that no pay-as-you-go project could be constructed until all benefiting development had paid the fees. Common practice is to maintain separate funds or accounts for impact fee revenues by facility category (i.e., streets, park improvements), but not for individual projects. We recommend that approach.

It is important that fee revenue be expended so as to provide a reasonable benefit to the development projects from which the fees are collected. Some fees in this report may have been calculated without knowing the specific locations of all facilities to be funded by the fees. The City should exercise caution in expending such fees to ensure that facilities are located in such as way as to serve the development projects from which the fees were collected.

Impact Fee Exemptions, Reductions, and Waivers. In the event that a development project is found to have no impact on facilities for which impact fees are charged, such project must be exempted from the fees.

If a project has characteristics that indicate its impacts on a particular public facility or infrastructure system will be significantly and permanently smaller than the average impact used to calculate the applicable impact fee in this study, the fee should be reduced accordingly. Per Section 66001 (b), there must be a reasonable relationship between the amount of the fee and the cost of the public facility attributable to the development on which the fee is imposed. The fee reduction is required if the fee is not proportional to the impact of the development on relevant public facilities.

In some cases, the City may desire to voluntarily waive or reduce impact fees that would otherwise apply to a project, as a way of promoting goals such as affordable housing or economic development. Such a waiver or reduction may not result in increased costs to

other development projects, and are allowable only if the City offsets the lost revenue from other fund sources.

Credit for Improvements Provided by Developers. If the City requires a developer, as a condition of project approval, to dedicate land or construct facilities or improvements for which impact fees are charged, the impact fee imposed on that development project for that type of facility must be adjusted to reflect a credit for such dedication or construction.

In the event that a developer voluntarily offers to dedicate land, or construct facilities or improvements in lieu of paying impact fees, the City may accept or reject such offers, and may negotiate the terms under which such an offer would be accepted.

Credit for Existing Development. If a project involves replacement, redevelopment or intensification of previously existing development, impact fees should be applied only to the portion of the project which represents a net increase in demand for relevant City facilities, applying the measure of demand used in this study to calculate that particular impact fee.

Reporting. Section 66006 (b) (1) requires that once each year, within 180 days of the close of the fiscal year, the local agency must make available to the public the following information for each separate account established to receive impact fee revenues:

1. A brief description of the type of fee in the account or fund;
2. The amount of the fee;
3. The beginning and ending balance of the account or fund;
4. The amount of the fees collected and interest earned;
5. Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees;
6. Identification of the approximate date by which the construction of a public improvement will commence, if the City determines sufficient funds have been collected to complete financing of an incomplete public improvement;
7. A description of each inter-fund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvement on which the transfer or loan will be expended;
8. The amount of any refunds or allocations made pursuant to Section 66001, paragraphs (e) and (f).

That information must be reviewed by the City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public, per Section 66006 (b) (2).

Refunds. Prior to 1996, a local agency collecting impact fees was required to expend or commit impact fee revenue within five years, or make findings to justify a continued need for the money. Otherwise, those funds had to be refunded. SB 1693, adopted in 1996 as an amendment to the Mitigation Fee Act, changed that requirement in material ways.

Now, Section 66001 (d) requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006 (b), and every five years thereafter, the local agency shall make all of the following findings for any fee revenue that remains unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put;
2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

Those findings are to be made in conjunction with the annual reports discussed above. If such findings are not made as required by Section 66001, the local agency could be required to refund the moneys in the account or fund, per Section 66001 (d).

Once the agency determines that sufficient funds have been collected to complete an incomplete improvement for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

Annual Update of the Capital Improvement Plan. Section 66002 (b) provides that if a local agency adopts a capital improvement plan to identify the use of impact fees, that plan must be adopted and annually updated by a resolution of the governing body at a noticed public hearing. The alternative, per Section 66001 (a) (2) is to identify improvements by applicable general or specific plans or in other public documents.

In most cases, the CIP identifies projects for a limited number of years and may not include all improvements needed to serve future development covered by the impact fee study. We recommend that this development impact fee study be identified by the City Council as the public document on which the use of the fees is based.

Indexing of Impact Fees. Development impact fees calculated in this report assume the facilities in question will be constructed on a pay-as-you-go basis. Those fees are based on current costs and should be adjusted at least annually to account for inflation. That

adjustment is intended to account for future escalation in costs for land and construction. We recommend the *Engineering News Record* Building Cost Index as the basis for indexing construction costs. Where land costs make up a significant portion of the costs covered by a fee, land costs should be adjusted relative to changes in local land prices.

Training and Public Information

Effective administration of an impact fee program requires considerable preparation and training. It is important that those responsible for collecting the fees, and for explaining them to the public, understand both the details of the fee program and its supporting rationale. Before fees are imposed, a staff training workshop is highly desirable if more than a handful of employees will be involved in collecting or accounting for fees.

It is also useful to pay close attention to handouts that provide information to the public regarding impact fees. Impact fees should be clearly distinguished from other fees, such as user fees for application processing, and the purpose and use of particular impact fees should be made clear.

Finally, anyone who is responsible for accounting, capital budgeting, or project management for projects involving impact fees must be fully aware of the restrictions placed on the expenditure of impact fee revenues. The fees recommended in this report are tied to specific improvements and cost estimates. Fees must be expended accordingly and the City must be able to show that funds have been properly expended.

Recovery of Study Cost

Colgan Consulting recommends that agencies charging impact fees increase the fees by a small percentage to recover costs for administering and updating the fees. This study will use the same administrative charge as the Wildomar 2014 Impact Fee Study. That is, the fees will be increased by 0.48% to cover the cost of updating and administering the impact fees.