

CITY OF GARDEN GROVE

DEVELOPMENT IMPACT FEE STUDY

FINAL
JULY 6, 2016



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Executive Summary

This report summarizes an analysis of development impact fees needed to support future development in the City of Garden Grove through 2030. It is the City's intent that the costs representing future development's share of public facilities and capital improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this analysis are divided into the fee categories listed below:

- ♦ Park and Recreation Facilities;
- ♦ Storm Drain Facilities; and,
- ♦ Transportation Facilities.

Background and Study Objectives

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

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

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

Facility Standards and Costs

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

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

The **planned facilities** approach allocates costs based on the ratio of planned facilities that serve new development to the increase in demand associated with new development. This approach is appropriate when specific planned facilities that only benefit new development can be identified, or when the specific share of facilities benefiting new development can be identified. This approach is used to calculate impact fees for the transportation facilities and storm drain facilities fee categories in this report.

The **system plan** approach is based on a master facilities plan in situations where the needed facilities serve both existing and new development. This approach allocates existing and planned facilities across existing and new development to determine new development's fair share of facility needs. This approach is used when it is not possible to differentiate the benefits of new

facilities between new and existing development. Often the system plan is based on increasing facility standards, so the City must find non-impact fee revenue sources to fund existing development’s fair share of planned facilities. This approach is not used in this report.

Use of Fee Revenues

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

Development Impact Fee Schedule Summary

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

Table E.1: Maximum Justified Impact Fee Summary

Land Use	Parks and Recreation Facilities ¹	Trans- portation	Storm Drainage	Total - Maximum Justified
<i>Residential - Fee per Dwelling Unit</i>				
Single Family Unit	\$ 6,061	\$ 2,679	\$ 704	\$ 9,444
Multi-family Unit	5,038	1,650	303	6,991
<i>Nonresidential - Fee per 1,000 Sq. Ft.</i>				
Commercial	\$ -	\$ 3,660	\$ 422	\$ 4,082
Office	-	4,353	500	4,853
Industrial	-	574	471	1,045

¹ Mitigation Fee Act Fee show n. Quimby Act Fee is \$11,794 per single family unit, and \$9,804 per multifamily unit.

Sources: Tables 3.8, 4.5 and 5.5.

Other Funding Needed

Impact fees only fund the share of public facilities related to new development in Garden Grove. They may not be used to fund the share of facility needs generated by existing development or by development outside of the City. As shown in **Table E.2**, approximately \$213.5 million in additional funding will be needed to complete the facility projects the City currently plans to develop. The “Additional Funding Required” column shows non-impact fee funding required to fund a share of the improvements that cannot be funded by impact fees. Non-fee funding is needed because these facilities are needed partially to remedy existing deficiencies and partly to accommodate new development.

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

Table E.2: Non-Impact Fee Funding Required

Fee Category	Total Project Cost	Projected Impact Fee Revenue	Additional Funding Required
Parks and Recreation ¹	\$ 14,010,660	\$ 14,010,660	\$ -
Transportation	195,959,500	20,125,041	175,834,459
Storm Drain	<u>41,300,000</u>	<u>3,604,389</u>	<u>37,695,611</u>
Total	\$ 251,270,160	\$ 37,740,089	\$ 213,530,071

¹ Assumes all development subject to Mitigation Fee Act. Development subject to Quimby Act would generate higher fee revenue.

Sources: Tables 3.6, 4.3, and 5.3.

1. Introduction

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

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

Public Facilities Financing in California

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

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

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

City of Garden Grove Impact Fee Program

Garden Grove currently charges traffic mitigation and park in-lieu impact fees to fund the expansion of facilities. This study provides the documentation needed for a comprehensive update of the City’s impact fee program and adds fees for storm drainage improvements.

All fee-funded capital projects should be programmed through the City’s five-year and seven-year Capital Improvement Plans (CIP). Using a CIP can help the City of Garden Grove identify and direct its fee revenue to public facilities projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City of Garden Grove identifies the use for fee revenues as expressly required by the *Mitigation Fee Act*

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. *Section 6.3* of the City’s General Plan Infrastructure Element contemplates, “How can development fees best contribute to facility planning in future growth areas? Further, *Policy INFR-IMP-3E* of the same document states that

the City will “Utilize development fees, redevelopment funds, drainage fees and other funding sources to assure that development of drainage facilities corresponds with development within the City.” The primary purpose of this report is to update the City’s impact fees based on the most current available facility plans and growth projections. The proposed fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands. This report supports the General Plan objective stated above.

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

Garden Grove is forecast to experience a moderate amount of growth through this study’s planning horizon of 2030. This growth will create an incremental increase in demand for public services and the facilities required to deliver them. Given the revenue challenges described above, Garden Grove has decided to use a development impact fee program to ensure that new development funds the share of facility costs associated with growth. This report makes use of the most current available growth forecasts and facility plans to update the City’s existing fee program to ensure that the fee program accurately represents the facility needs resulting from new development.

Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. To avoid collecting inadequate revenue, the inventories of existing facilities and costs for planned facilities must be updated periodically for inflation, and the fees recalculated to reflect the higher costs. The use of established indices for each facility included in the inventories (land, buildings, and equipment), such as the *Engineering News-Record*, is necessary to accurately adjust the impact fees. For a list of recommended indices, see Chapter 6.

While fee updates using inflation indices are appropriate for annual or periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, it is recommended to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available, or at least every five years. For further detail on fee program implementation, see Chapter 6.

Study Methodology

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

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

6. **Identify alternative funding requirements:** Determine if any non-fee funding is required to complete projects.

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

Types of Facility Standards

There are three separate components of facility standards:

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

New Development Facility Needs and Costs

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

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

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

Existing Inventory Method

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

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

Under this method new development funds the expansion of facilities at the same standard currently serving existing development. By definition the existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Only the initial facilities to be funded with fees may be identified in the fee study. Future facilities to serve growth are identified through an annual capital improvement plan and budget process. This approach is to calculate the parks and recreation facilities fee in this report.

Planned Facilities Method

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

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

This method is appropriate when planned facilities will entirely serve new development, or when a fair share allocation of planned facilities to new development can be estimated. An example of the former is a sewer trunk line extension to a previously undeveloped area. An example of the latter is expansion of an existing library building and book collection, which will be needed only if new development occurs, but which, if built, will in part benefit existing development, as well. Under this method new development funds the expansion of facilities at the standards used in the applicable planning documents. This approach is used to calculate impact fees for the transportation facilities and storm drain facilities fee categories in this report.

System Plan Method

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

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

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

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

Organization of the report

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

Chapters 3 through 5 identify facility standards and planned facilities, allocate the cost of planned facilities between new development and other development, and identify the appropriate development impact fee for each of the following facility categories:

- ♦ Park and Recreation Facilities;
- ♦ Storm Drain Facilities;
- ♦ Transportation Facilities; and,

Chapter 6 details the procedures that the City must follow when implementing a development impact fee program. Impact fee program adoption procedures are found in *California Government Code* Sections 66016 through 66018.

The five statutory findings required for adoption of the proposed public facilities fees in accordance with the Mitigation Fee Act are documented in Chapter 7.

2. Growth Forecasts

Growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This chapter explains the source for the growth projections used in this study based on a 2015 base year and a planning horizon of 2030.

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

- ◆ The estimate of existing development in 2015 is used as an indicator of existing facility demand and to determine existing facility standards.
- ◆ The estimate of total development at the 2030 planning horizon is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- ◆ Estimates of growth from 2015 through 2030 are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

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

Land Use Types

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

- ◆ **Single family:** Single family dwelling units are defined as detached and attached one-unit dwellings.
- ◆ **Multi-family:** Multi-family dwelling units are defined as all attached multi-family dwellings including duplexes and condominiums.
- ◆ **Commercial:** All commercial, retail, educational, and hotel/motel development.
- ◆ **Office:** All general, professional, and medical office development.
- ◆ **Industrial:** All manufacturing and other industrial development.

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

The City has the discretion to determine which land use type best reflects a development project's characteristics for purposes of imposing an impact fee and may adjust fees for special or unique uses to reflect the impact characteristics of the use.

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, employees, and building square feet in Garden Grove, both in 2015 and in 2030. The base year estimates of residents and dwelling units comes from the California Department of Finance. Future resident and dwelling unit projections are based on data from the City's 2014-2021 Housing Element.

Base year employees were estimated based on data from the *Profile of the City of Garden Grove*, prepared by the Southern California Association of Governments (SCAG) in May, 2015. The increase in jobs is estimated based on maintaining the current jobs-housing balance.

Table 2.1: Demographic Assumptions

	2015	2030	Increase
<u>Residents</u> ¹	172,833	181,771	8,938
<u>Dwelling Units</u> ²			
Single Family	31,288	31,570	282
Multi-family	<u>16,440</u>	<u>22,726</u>	<u>6,286</u>
Total	47,728	54,296	6,568
<u>Building Square Feet (000s)</u> ³			
Commercial	13,235	15,057	1,821
Office	3,408	3,877	469
Industrial	<u>8,798</u>	<u>10,009</u>	<u>1,211</u>
Total	25,442	28,943	3,501
<u>Employment</u> ⁴			
Commercial	31,633	35,986	4,353
Office	10,633	12,097	1,463
Industrial	<u>10,206</u>	<u>11,610</u>	<u>1,405</u>
Total	52,472	59,693	7,221

Note: Figures have been rounded to the hundreds.

¹ Current population from California Department of Finance (DOF). 2030 estimate from Figure 1 in the Housing Element.

² Current values from DOF. Single family projection total based on General Plan Housing Element percentage increase for future growth and review of actual as-built increases in single family dwellings from 2007 - 2015.

³ Estimates of square footage estimated by dividing employees by occupancy density factors.

⁴ Total, less public employees identified in Profile of the City of Garden Grove (May 2015). Increase in jobs based on maintaining current jobs-housing balance.

Sources: California Department of Finance (DOF), Table E-5, 2015; Garden Grove General Plan Land Use Element; 2014-2021 Housing Element, City of Garden Grove; Profile of the City of Garden Grove, SCAG, May, 2015; Willdan Financial Services.

Occupant Densities

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

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

The average occupant density factors used in this report are shown in **Table 2.2**. The residential density factors are based on data for Garden Grove from the 2010-2014 U.S. Census' American Community Survey.

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

Table 2.2: Occupant Density

Residential

Single Family	3.79	Residents Per Dwelling Unit
Multifamily	3.15	Residents Per Dwelling Unit

Nonresidential

Commercial	2.39	Employees per 1,000 square feet
Office	3.12	Employees per 1,000 square feet
Industrial	1.16	Employees per 1,000 square feet

Sources: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Tables B25024 and B25033; The Natelson Company, Inc., *Employment Density Study Summary Report*, prepared for the Southern California Association of Governments, October 31, 2001, SCAG region data; Willdan Financial Services.

3. Park and Recreation Facilities

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

Service Population

Park and recreation facilities in Garden Grove primarily serve residents. Therefore, demand for services and associated facilities is based on the City's residential population. **Table 3.1** shows the existing and future projected service population for park facilities.

Table 3.1: Parks Service Population

	Residents
Existing (2015)	172,833
Growth (2015 - 2030)	<u>8,938</u>
Total (2030)	181,771

Source: Table 2.1.

Existing Parkland and Park Facilities Inventory

The City of Garden Grove maintains several park and recreation facilities throughout the city. **Table 3.2** summarizes the City's existing parkland inventory in 2015. All facilities are located within the City limits. In total, the City's inventory includes a total of 159.9 acres of parkland.

Table 3.2: Park Land Inventory

Facility	Address	Park Acreage
Atlantis Play Center	13630 Atlantis Way	4.0
Bicentennial Park	Brookhurst / Lampson	0.5
Chapman Sports Complex	11700 Knott	11.0
Civic Center Park	Euclid / Acacia	11.2
Eastgate Park	12001 St. Mark St	4.5
Edgar Park	12781 Topaz	12.0
Faylane	11700 Seacrest	2.9
Garden Grove Park	9301 Westminster	36.0
Gutosky Park	9201 Ferris	2.1
Hare School Park	12012 Magnolia	14.0
Haster Basin	12952 Lampson	23.0
Jardin De Los Ninos	12534 Keel	0.7
Magnolia Park	11402 Magnolia	5.9
Morningside School	10468 Morningside	1.5
Pioneer	12722 Chapman	4.0
Village Green	12732 Main St	6.3
West Grove	5372 Cerulean Ave	6.6
West Haven	12252 West St.	10.0
Woodbury Park	13880 Rosita Place	3.3
Shelly-Kensington	12626 Shelly Dr.	0.3
Tibbs Circle Park	10671 Tibbs Circle	0.1
Total - Parkland		159.9

Source: City of Garden Grove.

Table 3.3 summarizes the City's inventory of park buildings and special use facilities. The inventory includes a various park buildings, a sports complex, a pool and a roller rink. In total, the City owns approximately \$12.7 million in buildings and special use facilities. At the bottom of Table 3.3 the total value of buildings and special use facilities is divided by the total park acreage owned by the City to determine the value of buildings and special use facilities per acre within the City.

Table 3.3: Existing Special Use Park Facility Inventory

	Quantity	Units	Unit Cost	Total Value
<i><u>Buildings and Special Use Facilities</u></i>				
West Grove Park - Activity Building	1,655	Sq. ft.	\$ 261	\$ 431,645
West Grove Park - Picnic Shelter	700	Sq. ft.	61	42,657
Pioneer Park - Snack Bar and Restrooms	731	Sq. ft.	115	84,357
Pioneer Park - Roller Hockey Rick	20,790	Sq. ft.	23	478,337
Gutosky Park - Restrooms	342	Sq. ft.	340	116,265
Gutosky Park - Picnic Shelter	625	Sq. ft.	68	42,657
Haster Basin - Control Building	62	Sq. ft.	88	5,432
Haster Basin - Restrooms	900	Sq. ft.	208	187,178
Magnolia Park - Community Building	2,645	Sq. ft.	374	988,762
Magnolia Park - Restroom	2,000	Sq. ft.	155	310,944
Magnolia Park - Picnic Shelter	900	Sq. ft.	53	48,007
Magnolia Park - Swimming Pool	800	Sq. ft.	129	103,562
Woodbury Park - Restrooms	784	Sq. ft.	208	163,058
Woodbury Park - Control Building / Restrooms	972	Sq. ft.	63	60,855
Woodbury Park - Swimming Pool	2,400	Sq. ft.	129	310,684
Faylane Park - Pump House	151	Sq. ft.	138	20,821
Faylane Park - Control Building / Restrooms	1,874	Sq. ft.	24	45,506
Faylane Park - Picnic Shelter	700	Sq. ft.	122	85,316
Faylane Park - Restroom	200	Sq. ft.	566	113,254
Eastgate Park - Community Theater	2,683	Sq. ft.	206	554,011
Eastgate Park - Restrooms	1,021	Sq. ft.	208	212,410
Eastgate Park - Restrooms	776	Sq. ft.	461	357,762
Eastgate Park - Office / Pump House	357	Sq. ft.	56	20,028
Eastgate Park - Picnic Shelter	2,000	Sq. ft.	43	85,314
Eastgate Park - Swimming Pool	2,400	Sq. ft.	129	310,684
Edgar Park - Recreation Building	1,600	Sq. ft.	244	390,215
Edgar Park - Picnic Shelter	900	Sq. ft.	50	44,658
West Haven Park - Restrooms	330	Sq. ft.	353	116,418
West Haven Park - Recreation Building	1,824	Sq. ft.	190	347,291
West Haven Park - Picnic Shelter	1,000	Sq. ft.	43	42,657
Atlantis Play Center - Restrooms	801	Sq. ft.	181	145,295
Atlantis Play Center - Storage	96	Sq. ft.	54	5,216
Atlantis Play Center - Park Maintenance	120	Sq. ft.	130	15,650
Atlantis Play Center - Concession Stand	342	Sq. ft.	140	47,924
Atlantis Play Center - Splash Pool	650	Sq. ft.	129	84,144
Garden Grove Park / Atlantis - Restrooms	1,712	Sq. ft.	231	394,712
Garden Grove Park - Compound	2,079	Sq. ft.	82	170,070
Garden Grove Park - Pump House	416	Sq. ft.	60	25,155
Garden Grove Park - Picnic Pavillion	4,157	Sq. ft.	54	224,947
Garden Grove Park - Picnic Shelters	2,700	Sq. ft.	50	134,417
Garden Grove Park - Park Storage Building	576	Sq. ft.	23	12,978
Garden Grove Park - Indoor Sports Complex	15,925	Sq. ft.	285	4,540,248
Village Green Park - Clock Tower	3,360	Sq. ft.	148	496,338
Chapman Sports Complex - Restrooms	455	Sq. ft.	202	91,913
Hare School Park - Restrooms	731	Sq. ft.	217	158,851
Total				\$ 12,668,603
Total Acres of Improved Parkland (From Table 3.2)				159.90
Special Use Facilities Cost per Acre			\$	79,200

Sources: City of Garden Grove PEPIP-CA Property Schedule, prepared by Alliant Insurance Services, Inc. (January 2016); Table 3.2, Willdan Financial Services.

Parkland and Park Facilities Unit Costs

Table 3.4 displays the unit costs necessary to develop parkland in Garden Grove. The cost of land acquisition is estimated at \$1,386,000 per acre, based on the weighted cost per acre of land sales within the City in the past five years, as reported by Loopnet.com. The cost of standard park improvements, including turf and basic amenities, is estimated at \$300,000 per acre. The value per acre of buildings and special use facilities developed in Table 3.3 is added to the cost of an acre of standard park improvements to determine the total improvement cost per acre. In total, this analysis assumes that it costs nearly \$1.8 million to acquire and develop an acre of parkland in Garden Grove.

Table 3.4: Park Facilities Unit Costs

	Cost Per Acre	Share of Total Costs
Land Acquisition ¹	\$ 1,386,000	79%
Standard Park Improvements ²	\$ 300,000	
Buildings and Special Use Facilities	<u>79,200</u>	
Subtotal - Improvements	\$ 379,200	21%
Total Cost per Acre	\$ 1,765,200	100%

¹ Based on data from Loopnet.com. Sales of raw land in Garden Grove between 2010 and 2014.

² Improvement costs are estimated at \$300,000 per acre for site improvements (curbs, gutters, water, sewer, and electrical access), plus basic park and school field amenities such as basketball or tennis court, parking, tot lot, irrigation, turf, open green space, pedestrian paths, and picnic tables. Excludes special use facilities such as recreation centers, structures and pools.

Sources: Loopnet.com; Table 3.3.

Parkland and Park Facility Standards

Park facility standards establish a reasonable relationship between new development and the need for expanded parkland and park facilities. The most common measure in calculating new development's demand for parks is the ratio of park acres per resident. In general, facility standards may be based on the Mitigation Fee Act (using a city's existing inventory of parkland and park facilities), or an adopted policy standard contained in a master facility plan or general plan. Facility standards may also be based on a land dedication standard established by the Quimby Act.¹ In this case, the City will use the Mitigation Fee Act to impose park impact fees for development not occurring in subdivisions, and will use the Quimby Act for development occurring in subdivisions.

¹ California Government Code §66477.

Mitigation Fee Act

The Mitigation Fee Act does not dictate use of a particular type or level of facility standard for public facilities fees. To comply with the findings required under the law, facility standards must not burden new development with any cost associated with facility deficiencies attributable to existing development.² A simple and clearly defensible approach to calculating a facility standard is to use the City's existing ratio of park acreage per 1,000 residents. Under this approach, new development is required to fund new parkland and park facilities at the same level as existing residents have provided those same types of facilities to date.

Quimby Act

The Quimby Act specifies that the dedication requirement can be a minimum of 3.0 acres and a maximum of 5.0 acres per 1,000 residents. A jurisdiction can require residential developers to dedicate above the three-acre minimum if the jurisdiction's existing park standard at the time it adopted its Quimby Act ordinance justifies the higher level (up to five acres per 1,000 residents). The standard used must also conform to the jurisdiction's adopted general or specific plan standards. In this case the City of Garden Grove's General Plan 2030, Parks, Recreation, and Open Space Element establishes a goal of 2.0 acres of parkland per 1,000 residents under Goal PRK-1. Therefore, Quimby fees are calculated to provide 2.0 acres of parkland per 1,000 residents in this analysis.

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

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

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

City of Garden Grove Parkland and Park Facilities Standards

Table 3.5 shows the existing standard for improved park acreage per 1,000 residents based on the type of parkland. In total the City has an existing parkland standard of 0.93 acres per 1,000 residents, which allows the City to charge at 2.0 acres per 1,000 residents under the Quimby Act. For development not subject to the Quimby Act, the fee analysis in this report will be based on maintaining a 0.93 acres per 1,000 service population standard as new development adds demand for parks in Garden Grove.

² See the *Benefit and Burden* findings in *Background Report*.

Table 3.5: Existing Parkland Standard

Total Park Acreage	159.90
Service Population (2015)	<u>172,833</u>
Existing Standard (Acres per 1,000 Residents)	0.93
Quimby Standard (Acres per 1,000 Capita) ¹	2.00

¹ Consistent with Goal PRK-1 of the Garden Grove General Plan Parks, Recreation, and Open Space Element.

Sources: Tables 3.1 and 3.2.

Facilities Needed to Accommodate New Development

Table 3.6 estimates the cost of park and recreation facilities needed to accommodate new development at the existing standard and the Quimby standard, respectively. To achieve the standard by the planning horizon, depending on the amount of development subject to the Quimby Act, new development must fund the purchase and improvement of between 8.31 and 17.88 parkland acres, at a total cost ranging between \$14 and \$27.3 million.

The facility standards and resulting fees under the Quimby Act are higher, because development will be charged to provide 2.0 acres of parkland per 1,000 residents, and 0.93 acres of improvements, whereas development not subject to the Quimby Act will be charged to provide only 0.93 acres of parkland per 1,000 service population, and 0.93 acres of improvements. Since the exact amount of development that will be subject to the Quimby fees is unknown at this time, Table 3.6 presents the range of total facility costs that may be incurred depending on the amount of future development occurring in subdivisions.

Table 3.6: Park Facilities to Accommodate New Development

	Calculation	Parkland	Improvements	Total Range ¹
<i>Parkland (Quimby Act), Improvements (Mitigation Fee Act)</i> ²				
Facility Standard (acres/1,000 residents)	A	2.00	0.93	
Resident Growth (2015-2035)	B	<u>8,938</u>	<u>8,938</u>	
Facility Needs (acres)	$C = (B / 1,000) \times A$	17.88	8.31	
Average Unit Cost (per acre)	D	<u>\$ 1,386,000</u>	<u>\$ 300,000</u>	
Total Cost of Parkland To Serve New Development	$E = C \times D$	\$24,781,680	\$ 2,493,000	\$27,274,680
<i>Parkland and Improvements - Mitigation Fee Act</i> ³				
Facility Standard (acres/1,000 residents)	F	0.93	0.93	
Resident Growth (2015-2035)	G	<u>8,938</u>	<u>8,938</u>	
Facility Needs (acres)	$H = (G / 1,000) / F$	8.31	8.31	
Average Unit Cost (per acre)	D	<u>1,386,000</u>	<u>300,000</u>	
Total Cost of Parkland To Serve New Development	$I = H \times D$	\$ 11,517,660	\$ 2,493,000	\$14,010,660

Note: Totals rounded to the thousands.

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

² Cost of parkland to serve new development shown if all development is subject to the Quimby Act. The Quimby Fee applies anytime the Subdivision Map Act is applied. Under the Quimby Act, an in-lieu fee is charged at 2.0 acres per 1,000 residents; improvements charged at the existing standard. If a subdivision has less than 50 units, then the Quimby "in-lieu" fee will apply. If a subdivision has more than 50 units, then the developer has the option of dedicating land to meet its Quimby parkland requirements or paying the fee.

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

Sources: Tables 3.1, 3.3 and 3.5.

Park and Recreation Facilities Cost per Capita

Table 3.7 shows the cost per capita of providing new parkland and park facilities at the existing facility standard, and at the Quimby standard. The cost per capita is shown separately for land and improvements. First, the per acre unit costs are multiplied by the acreage standards to determine the total amount of costs needed to serve 1,000 residents for each type of parkland, respectively. Then, those costs are divided by 1,000 to determine the cost needed to serve one resident.

Table 3.7: Park Facilities Investment Per Capita

	Calculation	<u>Land</u>		<u>Improvements</u>
		Quimby Fee	Impact Fee	Impact Fee
Parkland Investment (per acre)	A	\$ 1,386,000	\$ 1,386,000	\$ 300,000
Facility Standard (acres per 1,000 service pop.)	B	2.00	0.93	0.93
Total Investment Per 1,000 capita	$C = A \times B$	\$ 2,772,000	\$ 1,289,000	\$ 279,000
	D	1,000	1,000	1,000
Investment Per Capita	$E = C / D$	\$ 2,772	\$ 1,289	\$ 279

Sources: Tables 3.5, and 3.6; Willdan Financial Services.

Use of Fee Revenue

The City plans to use parkland and park facilities fee revenue to purchase parkland or construct improvements to add to the system of park facilities that serves new development. The City may only use impact fee revenue to provide facilities and intensify usage of existing facilities needed to serve new development.

Fee Schedule

In order to calculate fees by land use type, the investment in park facilities is determined on a per resident basis for both land acquisition and improvement. These investment factors (shown in Table 3.7) are investment per capita based on the unit cost estimates and facility standards.

Tables 3.8a and **3.8b** show the park facilities fee based on the minimum Quimby standard and the existing standard, respectively. The City would collect the fee based on only one of the two approaches as appropriate. Each fee includes a component for park improvements based on the City's existing standard. The cost per capita is converted to a fee per dwelling unit using the occupancy density factors in Table 2.2.

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

Table 3.8a: Park Facilities Fee Schedule - Quimby Act

Land Use	A	B	C = A x B	D = C x 0.02	E = C + D
	Cost Per Capita	Density	Base Fee	Admin Charge ¹	Total Fee
<i>Single Family</i>					
Parkland	\$ 2,772	3.79	\$ 10,506	\$ 210	\$ 10,716
Improvements	279	3.79	1,057	21	1,078
Total	\$ 3,051		\$ 11,563		\$ 11,794
<i>Multifamily Family</i>					
Parkland	\$ 2,772	3.15	\$ 8,732	\$ 175	\$ 8,907
Improvements	279	3.15	879	18	897
Total	\$ 3,051		\$ 9,611		\$ 9,804

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

Sources: Tables 2.2 and 3.7; Willdan Financial Services.

Table 3.8b: Park Facilities Fee Schedule - Mitigation Fee Act

Land Use	A	B	C = A x B	D = C x 0.02	E = C + D
	Cost Per Capita	Density	Base Fee	Admin Charge ¹	Total Fee
<i>Single Family</i>					
Parkland	\$ 1,289	3.79	\$ 4,885	\$ 98	\$ 4,983
Improvements	279	3.79	1,057	21	1,078
Total	\$ 1,568		\$ 5,942		\$ 6,061
<i>Multifamily Family</i>					
Parkland	\$ 1,289	3.15	\$ 4,060	\$ 81	\$ 4,141
Improvements	279	3.15	879	18	897
Total	\$ 1,568		\$ 4,939		\$ 5,038

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

Sources: Tables 2.2 and 3.7; Willdan Financial Services.

4. Transportation Facilities

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

Trip Demand

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

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

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

Table 4.1 shows the calculation of trip demand factors by land use category based on the adjustments described above. Data is based on extensive and detailed trip surveys conducted in the San Diego region by the San Diego Association of Governments. The surveys provide one of the most comprehensive databases available of trip generation rates, pass-by trips factors, and average trip length for a wide range of land uses. Though urban development patterns differ between San Diego and the City of Garden Grove, the use of this data is appropriate as a means of allocating trips across multiple land use categories. It should be noted that the projections of current and future trip generation in this report are based on data specific to the City of Garden Grove.

Table 4.1: Trip Rate Adjustment Factors

	Primary Trips ¹	Diverted Trips ¹	Total Excluding Pass-by ¹	Average Trip Length ²	Adjustment Factor ³	ITE Category	PM Peak Hour Trips ⁴	Trip Demand Factor ⁵
	A	B	C = A + B	D	$E = \frac{C \times D}{6.9}$		F	G = E x F
Residential								
Single Family	86%	11%	97%	7.9	1.11	Single Family Housing (210)	1.01	1.12
Multi-family	86%	11%	97%	7.9	1.11	Apartment (220)	0.62	0.69
Nonresidential								
Commercial	47%	31%	78%	3.6	0.41	Shopping Center (820)	3.73	1.53
Office	77%	19%	96%	8.8	1.22	General Office Building (710)	1.49	1.82
Industrial	79%	19%	98%	9.0	1.28	General Light Industrial (110)	0.19	0.24
Hotel/Motel (per Room)	58%	38%	96%	7.6	1.06	Hotel (310)	0.60	0.64

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

² In miles. Based on SANDAG data.

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

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

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

Sources: San Diego Association of Governments, Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region, July 1998; Institute of Traffic Engineers, Trip Generation, 9th Edition; Willdan Financial Services.

Trip Growth

The planning horizon for this analysis is 2030. **Table 4.2** lists the 2015 and 2030 land use assumptions used in this study. The trip demand factors calculated in Table 4.1 are multiplied by the existing and future dwelling units, and building square feet to determine the increase in trip demand associated with new development.

Table 4.2: Land Use Scenario and Total Trips

Land Use	Trip Demand Factor	2015		2030		Growth 2015 to 2030	
		Units / 1,000 SF	Trips	Units / 1,000 SF	Trips	Units / 1,000 SF	Trips
<i>Residential</i>							
Single Family	1.12	31,288	35,043	31,570	35,358	282	315
Multi-family	0.69	16,440	11,344	22,726	15,681	6,286	4,337
Subtotal		47,728	46,387	54,296	51,039	6,568	4,652
<i>Nonresidential</i>							
Commercial	1.53	13,235	20,250	15,057	23,037	1,821	2,787
Office	1.82	3,408	6,203	3,877	7,056	469	853
Industrial	0.24	8,798	2,112	10,009	2,402	1,211	290
Subtotal		25,442	28,565	28,943	32,495	3,501	3,930
Total			74,952		83,534		8,582
			90%		100%		10.27%

Sources: Tables 2.1 and 4.1; Willdan Financial Services

Project Costs

City staff identified transportation projects that will serve both existing and new development in Garden Grove. Projects include the synchronization of signals needed to aid circulation, new traffic signals, transit improvements, pedestrian improvements and bike improvements. **Table 4.3** documents the total cost of these projects, and allocates a share to new development. The allocation to new development for each project is equal to new development's share of total trip demand in 2030. In total, \$20.1 million worth of transportation projects is allocated to new development.

Table 4.3: Transportation Projects

Project Name	Description	A	B	D = A x B x C
		Total Cost	Share Allocated to New Development ¹	Cost Allocated To Citywide DIF
<i>Citywide Transportation Projects</i>				
Local Signal Synchronization Program (3-Year Cycle)	Per the City's TSSP, the constrained/unconstrained cost for maintenance, construction and operations for a three-year synchronization cycle is \$3.665M. (Starting in 16/17, there will be 4.33-three-year cycles.)	\$ 15,759,500	10.27%	\$ 1,618,501
Citywide Traffic Signal Modification Program	Traffic Engineering estimates completing one traffic signal modification @ \$200K per year for the following 14 calendar years.	2,800,000	10.27%	287,560
Citywide New Traffic Signal Program	Traffic Engineering estimates completing six (6) new traffic signals @ \$200K each in the next 14 calendar years.	1,200,000	10.27%	123,240
Intersection Improvement Program (IIP)	IIP Average Cost Component: \$1M (ROW), \$150K (Design), \$1.65M (CON) Total: \$2.8M. Proposed Intersections: Euclid/Trask, Euclid/Westminster, Brookhurst/Trask & Harbor/Trask	11,200,000	10.27%	1,150,240
Harbor Corridor Transit Improvements	The project will traverse two miles on Harbor Blvd. and connect transit stations from Santa Ana to Fullerton. Based on OCTA's 'Go Local' Project costs, the estimated cost per mile is \$74.5M for similar projects, totaling \$150M for this	150,000,000	10.27%	15,405,000
Pacific Electric Right-of-Way Bike/Ped Trail	Per Planning, the project traverses five miles at a cost of \$3M per mile, including soils remediation work.	15,000,000	10.27%	1,540,500
Total - Citywide Transportation Projects		\$ 195,959,500		\$ 20,125,041

¹ Allocation to new development based on new development's share of total trips at the planning horizon.

Sources: City of Garden Grove - Capital Improvement Program - Fiscal Years 2015/2016 through 2021/2022, including projections for future transportation and transit projects; Table 4.2, Willdan Financial Services.

Fee per Trip Demand Unit

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

Table 4.4 calculates the cost the cost per trip by dividing the total project costs allocated to new development by the growth in trip demand from new development calculated in Table 4.2.

Table 4.4: Cost per Trip to Accommodate Growth

Fee Program Share of Planned Facilities Costs	\$ 20,125,041
Growth in Daily Trips	<u>8,582</u>
Cost per Trip	\$ 2,345

Sources: Tables 4.2 and 4.3; Willdan Financial Services.

Fee Schedule

Table 4.5 shows the proposed transportation facilities fee schedule. The proposed fees are based on the costs per trip shown in Table 4.4. The cost per trip is multiplied by the trip demand factors in Table 4.1 to determine a fee per unit of new development. The total fee includes a two percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

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

Table 4.5: Transportation Facilities Impact Fee

Land Use	A	B	C = A x B		D = C x 0.02	E = C + D	E / 1,000
	Cost Per Trip	Trip Demand Factor	Base Fee ¹	Admin Charge ^{1, 2}		Total Fee ¹	Fee per Sq. Ft.
<i>Residential</i>							
Single Family	\$ 2,345	1.12	\$ 2,626	\$ 53		\$ 2,679	
Multi-family	2,345	0.69	1,618	32		1,650	
<i>Nonresidential</i>							
Commercial	\$ 2,345	1.53	\$ 3,588	\$ 72		\$ 3,660	\$ 3.66
Office	2,345	1.82	4,268	85		4,353	4.35
Industrial	2,345	0.24	563	11		574	0.57
Hotel/Motel (per Room)	2,345	0.64	1,501	30		1,531	n/a

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

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

Sources: Tables 4.1 and 4.4; Willdan Financial Services.

5. Storm Drain Facilities

This chapter summarizes an analysis of the need for storm drain facilities to accommodate growth within the City of Garden Grove. This projects and associated costs in this chapter were identified by City staff. This chapter documents a reasonable relationship between new development and a storm drain fee to fund storm drain facilities that serve new development.

Storm Drain Demand

Most new development generates storm water runoff that must be controlled through storm drain facilities by increasing the amount of land that is impervious to precipitation. **Table 5.1** shows the calculation of equivalent dwelling unit (EDU) demand factors based on impervious surface coefficient by land use category. The impervious surface coefficients are based on from California Environmental Protection Agency data.

Table 5.1: Equivalent Dwelling Units

	DU or KSF per acre ¹	Impervious Surface Coefficient	Equivalent Dwelling Unit (EDU) ²
<i>Residential</i>			
Single Family	11.00	0.61	1.00
Multi-Family	32.00	0.76	0.43
<i>Nonresidential</i>			
Commercial	23.96	0.80	0.60
Office	17.42	0.69	0.71
Industrial	21.78	0.81	0.67

¹ Dwelling units for residential and thousand building square feet for non-residential. Density based on estimated development and acreage for each land use type in the *General Plan*. Nonresidential densities are based on floor-area-ratios of 0.55 for commercial, 0.40 for office, and 0.5 for industrial, calculated from Table 2-3 of the *General Plan Land Use Element*.

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

Sources: Land Use Element, Table 2-3, *Garden Grove General Plan*; Tables 1 and 2 from the User's Guide for the California Impervious Surface Coefficients, Office of Environmental Health Hazard Assessment California Environmental Protection Agency, December 2010; Willdan Financial Services.

EDU Generation by New Development

Table 5.2 shows the estimated EDU generation from new development through 2030. New development will generate approximately 5,222 new EDUs inside the city limits.

Table 5.2: Storm Drain Facilities Equivalent Dwelling Units

	EDU Factor ¹	Existing (DU/KSF)	Projected Growth (DU/KSF)	Total (DU/KSF)	Existing EDUs	Growth in EDUs	Total
<i>Existing City Residential</i>							
Single Family	1.00	31,288	282	31,570	31,288	282	31,570
Multi-Family	0.43	<u>16,440</u>	<u>6,286</u>	<u>22,726</u>	<u>7,069</u>	<u>2,703</u>	<u>9,772</u>
Subtotal		47,728	6,568	54,296	38,357	2,985	41,342
<i>Nonresidential</i>							
Commercial	0.60	13,235	1,821	15,057	7,941	1,093	9,034
Office	0.71	3,408	469	3,877	2,420	333	2,753
Industrial	0.67	<u>8,798</u>	<u>1,211</u>	<u>10,009</u>	<u>5,895</u>	<u>811</u>	<u>6,706</u>
Subtotal		25,442	3,501	28,943	16,256	2,237	18,493
Total					54,613	5,222	59,835
					91.27%	8.73%	100%

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

Sources: Table 2.1 and 5.1; Willdan Financial Services

Planned Facilities

City staff identified storm drainage projects that will serve both existing and new development in Garden Grove. **Table 5.3** summarizes the storm drainage projects that will serve existing and new development within the City. The cost of the facilities listed in these tables is the basis for the storm drainage impact fee for new development in the City. The allocation to new development for each project is equal to new development's share of total EDUs in 2030. In total, \$3.6 million worth of storm drain improvements is allocated to new development.

Table 5.3: Total Cost of Facilities Needed to Serve New Development

Description	Total Cost	Costs	
		Allocation to New Development ¹	Allocated to New Development
Belgrave Channel Improvement	\$ 27,000,000	8.73%	\$ 2,356,380
Yockey/Newland Phase 2 - 6	13,300,000	8.73%	1,160,735
Bartlett St. Drainage Improvement	<u>1,000,000</u>	8.73%	<u>87,273</u>
Total	\$ 41,300,000		\$ 3,604,389

¹ Based on new development's share of total EDUs identified in Table 5.2.

Sources: 5-Year Capital Improvement Plan, FY 2015/16 to FY 2019/21, including internal projections for future drainage projects; Table 5.2, Willdan Financial Services.

Cost per Equivalent Dwelling Unit

This chapter uses the planned facilities approach to calculate the storm drainage cost standard. The cost of planned facilities allocated to new development is divided by the growth in EDUs to determine a cost standard per EDU. **Table 5.4** shows the facility cost standard for storm drain facilities.

Table 5.4: Storm Drain Planned Facility Standard

<i>Planned Facilities</i>		
Net Cost of Planned Facilities for New Development	\$	3,604,389
Growth in EDUs		<u>5,222</u>
Cost per EDU	\$	690

Sources: Tables 5.2 and 5.3, Willdan Financial Services.

Fee Schedule

The maximum justified fee for storm drain facilities is shown in **Table 5.5**. The cost per EDU from Table 5.4 is converted to a fee per unit of new development based on the EDU factors shown in Table 5.1. A cost per square foot for residential development is also included based on the average size of new dwelling units built in Garden Grove in 2014 and 2015 from building permit records, including garage space.

The total fee includes a two percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

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

Table 5.5: Storm Drainage Facilities Impact Fee

	A	B	C = A x B	D = C x 0.02	E = C + D	F	G = E / F
	Cost Per EDU	EDU Factor	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹	Average Sq. Ft. ³	Fee per Sq. Ft.
<i>Residential</i>							
Single Family	\$ 690	1.00	\$ 690	\$ 14	\$ 704	2,624	\$ 0.27
Multi-family	690	0.43	297	6	303	1,652	0.18
<i>Nonresidential</i>							
Commercial	\$ 690	0.60	\$ 414	\$ 8	\$ 422	1,000	\$ 0.42
Office	690	0.71	490	10	500	1,000	0.50
Industrial	690	0.67	462	9	471	1,000	0.47

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

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

³ Based on average size of new dwelling units built in Garden Grove in 2014 and 2015 from building permit records. Includes garage space.

Sources: Tables 5.1 and 5.4; Willdan Financial Services.

6. Implementation

Impact Fee Program Adoption Process

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

Inflation Adjustment

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

- ♦ Buildings – Engineering News-Record's Building Cost Index (BCI)
- ♦ Equipment – Consumer Price Index, All Items, 1982-84=100 for All Urban Consumers (CPI-U)

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

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

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

Reporting Requirements

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

Programming Revenues and Projects with the CIP

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

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

7. Mitigation Fee Act Findings

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

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

Purpose of Fee

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

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

Use of Fee Revenues

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

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

Benefit Relationship

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

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

Burden Relationship

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

Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For each facility category, demand is measured by a single

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

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

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

Proportionality

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

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

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