

CITY OF IRVINE

DEVELOPMENT IMPACT FEE NEXUS STUDY

FINAL

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Executive Summary

This report summarizes an analysis of development impact fees needed to support future development in the City of Irvine through 2050. 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:

- Transportation Facilities
- Police Facilities
- General Government Facilities
- Library 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 collects 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.

If the City adopts impact fees, it should program development impact fee-funded capital projects through its Capital Improvement Program (CIP). Using a CIP would allow the City to 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 *Act*.

Facility Standards and Costs

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

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 two-year CIP and budget process and/or completion of a new facility master plan. This approach is used to calculate the police 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 also used to support a specific demand standard identified by policy in a City's

General Plan. Planned facilities are used to calculate the maximum justified fee for the transportation facilities category.

The **system plan** approach is based on a master facility plan in situations where specific 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. This approach is used to calculate the general government fee and library fee in this report.

Use of Fee Revenues

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

In that the City cannot predict with certainty how and when development within the City will occur during the planning horizon assumed in this study, the City may need to update and revise the project lists funded by the fees documented in this study. Any substitute projects should be funded within the same facility category, and the substitute projects must still benefit and have a relationship to new development. The City could identify any changes to the projects funded by the impact fees when the CIP is updated. The impact fees could also be updated if significant changes to the projects funded by the fees are anticipated.

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*.

E.1: Maximum Justified Development Impact Fee Schedule

Land Use	Transportation	Police	General Government	Library	Total
<i>Residential - per sf</i>					
Residential	\$ 1.72	\$ 0.56	\$ 1.73	\$ 1.33	\$ 5.34
<i>Nonresidential - per sf</i>					
Commercial	\$ 9.57	\$ 0.27	\$ 0.82	-	\$ 10.66
Office	9.08	0.41	1.26	-	10.75
Industrial	2.92	0.15	0.45	-	3.52
Mini Warehouse	1.89	0.01	0.04	-	1.94
Hotel (per room)	4,055	31.75	96.90	-	4,184
Extended Stay Hotel (per room)	2,487	18.82	58.14	-	2,564

Sources: Tables 3.6, 4.6, 5.6, 6.6.

1. Introduction

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

- Public Facilities Financing in California;
- 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 40 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

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

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

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. The primary purpose of this report is to establish impact fees for the City based on the most current available facility plans and growth projections. The maximum justified fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands.

The City can collect 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 outlined in the fee schedules presented in this report.

The City of Irvine is forecast to see moderate growth through this study’s planning horizon of 2050. This growth will create an increase in demand for public services and the facilities required to deliver them. Given the revenue challenges described above, Irvine has decided to use a development impact fee program to ensure that new development funds its 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.

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 when significant new data on growth forecasts and/or facility plans become available. For further detail on fee program implementation, see Chapter 8.

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. Calculate fees per square foot of residential by dividing fee per unit by average unit square footage; 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 or square feet of library space per capita. Demand standards may also reflect a level of service such as the vehicle volume-to-capacity (V/C) ratio used in traffic planning.

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

New Development Facility Needs and Costs

Several approaches can be 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 in this study: 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:

$$\frac{\text{Replacement Value of Existing Facilities}}{\text{Existing Development Demand}} = \text{cost per unit of demand}$$

Under this method new development will fund the expansion of facilities at the same standard currently serving existing development. The existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Future facilities to serve growth are identified through a biennial CIP and budget process, possibly after completion of a new facility master plan. This approach is used to calculate the police facilities fees in this report.

Planned Facilities Method

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

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

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. 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 also used to support a specific demand standard identified by policy in a City's General Plan. This method is used to calculate the maximum justified fee for transportation facilities.

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:

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

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 Comprehensive 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 used to calculate the library and general government facilities fee in this report.

Organization of the Report

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

Chapters 3 through 6 identify facility standards and planned facilities, allocate the cost of planned facilities between new development and other development, and identify the appropriate development impact fee for each of the following facility categories:

- Transportation Facilities
- Police Facilities
- General Government Facilities
- Library Facilities

Chapter 7 describes how this nexus study complies with the requirements of AB 602.

Chapter 8 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 maximum justified public facilities fees in accordance with the *Mitigation Fee Act* are documented in each Chapter.

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 2024 base year and a planning horizon of 2050.

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 2024 is used as an indicator of existing facility demand and to determine existing facility standards;
- The estimate of total development at the 2050 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; and
- Estimates of growth from 2024 through 2050 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 non-residential 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 for which impact fees have been calculated are defined below.

- **Residential dwelling units:** All residential dwelling units including detached and attached one-unit dwellings (includes single family homes and townhomes) and attached multifamily dwellings including duplexes and condominiums. Fees are charged per square foot.
- **Commercial:** All commercial, retail, educational, lodging, and service development.
- **Office:** All general, professional, and medical office development.
- **Industrial:** All warehouse, distribution, manufacturing, and other industrial development other than mini warehouse (see below).
- **Mini Warehouse:** Warehouse type facility with smaller individual storage units.
- **Hotel:** Facility used for hotel purposes, other than extended stay hotels (see below).
- **Extended Stay Hotel:** Hotel with longer average stays, larger rooms with kitchen type amenities, and laundry facilities.

Some developments may include more than one land use type, such as a mixed-use development with both residential 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. If a project results in the intensification of use, at its discretion, the City can charge the project the difference in fees between the existing low intensity use and the future high intensity use.

Impact Fees for Accessory Dwelling Units

The California State Legislature recently amended requirements on local agencies for the imposition of development impact fees on accessory dwelling units (ADU) with Assembly Bill (AB) 68 in 2021. The amendment to California Government Code §65852.2(f)(2) stipulates that local agencies may not impose any impact fees on ADUs less than 750 square feet. ADUs greater than or equal to 750 square feet can be charged impact fees in proportion to the size of the primary dwelling unit.

Calculating Impact Fees for Accessory Dwelling Units

For ADUs greater than or equal to 750 square feet, impact fees can be charged as a percentage of the single-family impact fee. The formula is:

$$\frac{\text{ADU Square Feet}}{\text{Primary Residence Square Feet}} \times \text{Single Family Impact Fee} = \text{ADU Impact Fee}$$

In the case of an 800 square foot ADU and a 1,600 square foot primary residence, the impact fees would be 50 percent (800 square feet / 1,600 square feet = 50%) of the single-family dwelling unit fee.

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, employees, and building square feet in Irvine, in 2024 and 2050. The base year estimates of household residents and dwelling units came from the California Department of Finance. The 2050 projection of residents is based on data from the Southern California Association of Governments (SCAG) Connect SoCal Demographic and Growth Forecast.

Base year employees were estimated based on the latest data from the US Census' OnTheMap application and exclude local government (public administration) employees. Total projected workers were identified in the SCAG Connect SoCal Demographic and Growth Forecast. The City has made corrections to certain estimates, as indicated in the tables. The estimates of nonresidential building square feet were estimated by dividing employee counts by the occupancy density factors presented in the following table.

Table 2.1: Existing and New Development

	2024	2050	Increase
<u>Residents</u> ¹	314,550	345,400	30,850
<u>Dwelling Units</u> ²			
Single Family	66,473	76,240	9,767
Multifamily	61,085	70,060	8,975
Total	127,558	146,300	18,742
<u>Employment</u> ³			
Commercial	76,244	100,123	23,879
Office	137,617	180,718	43,101
Industrial (manufacturing)	34,675	45,535	10,860
Mini Warehouse	3,949	5,186	1,237
Hotel	2,718	3,569	851
Extended Stay Hotel	2,718	3,569	851
Total	257,921	338,700	80,779
<u>Building Square Feet (000s)</u> ⁴			
Commercial	35,964	47,228	11,264
Office	42,214	55,435	13,221
Industrial	29,892	39,254	9,362
Mini Warehouse	39,490	51,860	12,370
Hotel	4,455	5,850	1,395
Extended Stay Hotel	7,425	9,749	2,325
Total	159,440	209,376	49,936

¹ Current household population from California Department of Finance. Projection from SCAG Connect SoCal 2024 - Demographics and Growth Forecast Technical Report

² Current values from California Department of Finance. Projection of 135,000 households for 2050 from Connect SoCal 2024. Assumes 7.72% vacancy and a total of 146,300 dwelling units. Assumes same ratio of single family to multifamily will be maintained as development occurs. 2024 Dwelling Units from the City of Irvine.

³ Current estimates of primary jobs from the US Census' OnTheMap. Projection based on SCAG Connect SoCal 2024. Assumes current ratio among land uses will be maintained.

⁴ Estimated building square feet calculated based on increase of employees and density factors in Table 2.2.

Sources: California Department of Finance, Table E-5, 2024; Connect SoCal 2024 - Demographics and Growth Forecast Technical Report; OnTheMap Application, <http://onthemap.ces.census.gov>; Table 2.2, Willdan Financial Services.

Occupant Densities

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

Occupant densities (residents per dwelling unit or workers per building square foot) are the most appropriate characteristics to use for most of 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 occupancy factors are shown in **Table 2.2**. The residential density factors are based on the most recent available data for Irvine from the California Department of Finance. The nonresidential occupancy factors are derived from data from the Institute of Traffic Engineers Trip Generation Manual, 11th Edition.

Table 2.2: Occupant Density Assumptions

<u>Residential - All Units</u>	2.53	Residents per dwelling unit
<u>Nonresidential</u>		
Commercial	2.12	Employees per 1,000 square feet
Office	3.26	Employees per 1,000 square feet
Industrial (manufacturing)	1.16	Employees per 1,000 square feet
Mini Warehouse	0.10	Employees per 1,000 square feet
Hotel	0.61	Employees per 1,000 square feet
Extended Stay Hotel	0.37	Employees per 1,000 square feet
Hotel	0.25	Employees per Room
Extended Stay Hotel	0.15	Employees per Room

Sources: U.S. Census Bureau, 2023 American Community Survey 1-Year Estimates, Tables B25024 and B25033; ITE Trip Generation Manual, 11th Edition; Willdan Financial Services.

3. Transportation Facilities

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

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

Table 3.1 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 Institute of Traffic Engineers (ITE) and by the San Diego Association of Governments (SANDAG). The trip rates come from ITE. The pass-by trip assumptions and trip length assumptions come from SANDAG. Data from SANDAG is used because 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.

Table 3.1: Trip Rate Adjustment Factors

	Pass-by Trips ¹	Primary and Diverted Trips	Average Trip Length ²	Adjust- ment Factor ³	IBC Category	PM Peak Hour Trips ⁴	Trip Demand Factor ⁵
	A	B = 1 - A	C	$D = B \times C /$ Avg.		E	$F = D \times E$
<u>Residential - per Dwelling Unit</u>							
Single Family	3%	97%	7.9	1.11	Residential	0.52	0.58
Multifamily	3%	97%	7.9	1.11	Residential	0.52	0.58
<u>Nonresidential - per 1,000 Sq. Ft.</u>							
Commercial	22%	78%	3.6	0.41	Retail Mix	4.32	1.77
Office	4%	96%	8.8	1.22	Office	1.38	1.68
Industrial	2%	98%	9.0	1.28	Industrial	0.42	0.54
Mini Warehouse	2%	98%	9.0	1.28	Mini Warehouse	0.27	0.35
Hotel	0%	100%	7.6	1.10	Hotel	1.66	1.83
Extended Stay Hotel	0%	100%	7.6	1.10	Extended Stay Hotel	1.03	1.13

¹ Percent of total trips. A pass-by trip is made as an intermediate stop on the way from an origin to a primary trip destination without a route diversion. Pass-by trips are not considered to add traffic to the road network. Based on SANDAG data.

² In miles. Based on SANDAG data.

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

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

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

Sources: Update to Irvine Business Complex Vision Plan Traffic Study, September 2020, Iteris, San Diego Association of Governments, Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region, April 2002; Willdan Financial Services.

Trip Demand Growth

The planning horizon for this analysis is 2050, the same horizon as the planned facilities listed later in this chapter. **Table 3.2** lists the 2024 and 2050 land use assumptions used in this study. The trip demand factors calculated in **Table 3.1** are multiplied by the existing and future dwelling units and non-residential square footage to determine the increase in trip demand attributable to new development.

Table 3.2: Land Use Scenario and Trip Demand

Land Use	2024			Growth 2024 to 2050		Total - 2050	
	Trip Demand Factor	Rooms / 1,000 SF	Trips	Rooms / 1,000 SF	Trips	Rooms / 1,000 SF	Trips
<i><u>Residential - per Dwelling Unit</u></i>							
Single Family	0.58	66,473	38,554	9,767	5,665	76,240	44,219
Multifamily	0.58	61,085	35,429	8,975	5,206	70,060	40,635
Subtotal		127,558	73,983	18,742	10,871	146,300	84,854
<i><u>Nonresidential - per 1,000 Sq. Ft.</u></i>							
Commercial	1.77	35,964	63,657	11,264	19,936	47,228	83,593
Office	1.68	42,214	70,919	13,221	22,212	55,435	93,131
Industrial	0.54	29,892	16,142	9,362	5,055	39,254	21,197
Min Warehouse	0.35	39,490	13,822	12,370	4,329	51,860	18,151
Hotel (rooms) ¹	0.75	10,872	8,154	3,404	2,553	14,276	10,707
Extended Stay Hotel (rooms) ¹	0.46	18,120	8,335	5,673	2,610	23,793	10,945
Subtotal			181,029		56,695		237,724
Total			255,012		67,566		322,578

¹ Hotels assume 409 square feet per room.

Sources: Tables 2.1 and 3.1.

Existing Facilities

The City's existing transportation facilities and replacement costs are shown in **Table 3.3**. This section and **Table 3.3** are provided for reference only. The maximum fee schedule for transportation facilities is based on the planned facilities approach, including the facilities detailed in **Table 3.4**, below.

Table 3.3: Transportation Current Facilities

	Quantity	Unit cost	Total Replacement Cost
Centerline Miles Streets	477	\$9,600,000	\$ 4,579,200,000
Traffic Signals	384	404,000	155,136,000
Transportation Center Parking Garage (square feet)	92,618	850	78,725,300
<i>Vehicles and Equipment</i>			
EV Truck	7	70,000.00	490,000
Truck	117	50,000.00	5,850,000
EV Van	3	75,000.00	225,000
Van	67	50,000.00	3,350,000
Trailers	43	18,000.00	774,000
Trips and Aerials	43	160,000.00	6,880,000
Small Equipment	22	\$ 10,000	\$ 220,000
Total			\$ 4,830,850,300

Sources: City of Irvine; Willdan Financial Services.

Planned Facilities

The City plans to use transportation facilities fee revenue to construct improvements to add capacity to the system of transportation 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. The City should program fee revenue to capacity expanding projects through its CIP and budget process. The City's impact fee transportation CIP through 2050 is shown in **Table 3.4**. The total includes projects that are part of the Irvine Business Complex that have not yet been constructed. Projects that are retrofitting existing facilities or remedying existing deficiencies have been excluded from this list. Costs are allocated at 90 or 100 percent for a few specific projects that are needed to mitigate deficiencies caused by new development within certain areas of the City and at 30 percent for projects that are of general benefit to the City. Thirty percent represents the average increase in total daily trips contributed by future development citywide at the 2050 planning horizon based on the City's traffic model.

Table 3.4: Planned Transportation Projects

Street	Extent	Improvement Type	Quantity	Unit Cost	Total Cost	Non DIF Funding	Net Development Cost	New Development Share ¹	New Dev Cost
Campus Drive	Carlson to University	Widening to 4 lanes			\$ 15,000,000	383,250	\$ 14,616,750	30%	\$ 4,385,025
Jamboree/Birch	Intersection	Intersection Improvements			5,000,000		5,000,000	100%	\$ 5,000,000
Harvard/University	Intersection	Intersection Improvements			5,000,000		5,000,000	100%	\$ 5,000,000
University/Campus	Intersection	Intersection Improvements			5,000,000		5,000,000	100%	\$ 5,000,000
Ada Road	Barranca/Marine Way	2 lane undercrossing			60,000,000		60,000,000	100%	\$ 60,000,000
		Pedestrian/Bike Bridge							
Interstate 5	Irvine Transit Station to Spectrum	Overcrossing (I-5)			24,000,000		24,000,000	30%	\$ 7,200,000
NA	Citywide	City Transit Vehicles	16	1,800,000	28,800,000		28,800,000	30%	\$ 8,640,000
NA	Citywide	IrvineConnect Bus Stops and Vehicles	150	75,000	11,250,000		11,250,000	30%	\$ 3,375,000
NA	Citywide	Swyft Cities System			75,000,000		75,000,000	30%	\$ 22,500,000
Bowerman Landfill/SR-133/SR-241	Intersection	Interchange			97,500,000		97,500,000	30%	\$ 29,250,000
Venta Spur to Jeffrey Bridge	Venta Spur to Jeffrey Bridge				13,000,000	5,000,000	8,000,000	30%	\$ 2,400,000
IBC Transportation Improvements ²	Irvine Business Complex				47,338,690		47,338,690	90%	\$ 42,604,821
IBC Neighborhood Infrastructure ²	Irvine Business Complex				61,491,087		61,491,087	90%	\$ 55,341,978
Harvard Avenue/Berkeley Avenue	Intersection	Traffic Signal			1,500,000		1,500,000	30%	\$ 450,000
Irvine Blvd Bicycle & Pedestrian Bridge					17,000,000		17,000,000	30%	\$ 5,100,000
Regional Synchronization Projects			25	3,000,000	75,000,000	22,000,000	53,000,000	30%	\$ 15,900,000
Annual ADA Transition Plan Implementation			25	250,000	6,250,000		6,250,000	30%	\$ 1,875,000
Train Station Class IV Connections					1,250,000		1,250,000	30%	\$ 375,000
I-5 Train Station Overcrossing					1,700,000		1,700,000	30%	\$ 510,000
Venta Spur Trail Crossings					4,000,000		4,000,000	30%	\$ 1,200,000
Walnut Trail Extension to Great Park					750,000		750,000	30%	\$ 225,000
Barranca Channel Multi-Use Trail					6,000,000		6,000,000	30%	\$ 1,800,000
Yale Proected Bikeways	Barranca to Jamboree				2,500,000		2,500,000	30%	\$ 750,000
South Yale Ave Corridor Improvements					8,200,000		8,200,000	30%	\$ 2,460,000
Protective/Permissive Left-Turn Phasing Phase II					2,500,000		2,500,000	30%	\$ 750,000
Annual Traffic Signal Vehicle & Bicycle Detection System Upgrades			25	1,070,000	26,750,000		26,750,000	30%	\$ 8,025,000
Annual Traffic Signal System Upgrades			25	1,700,000	42,500,000		42,500,000	30%	\$ 12,750,000
Adaptive Traffic Signal Control System			25	500,000	12,500,000		12,500,000	30%	\$ 3,750,000
Traffic Monitoring Cameras and System			25	500,000	12,500,000		12,500,000	30%	\$ 3,750,000
Signal Emergency Connection to Generator					300,000		300,000	30%	\$ 90,000
Jeffrey Rd/Barranca Pkwy Intersection Improvements					1,241,000	156,118	1,084,882	30%	\$ 325,465
Jamboree Road and Tustin Ranch Road					73,000	5,234	67,766	30%	\$ 20,330
Culver Dr & Barranca Parkway					1,879,621	79,884	1,799,737	30%	\$ 539,921
Jeffrey Road & I-405 Northbound Ramps					3,077,000	310,162	2,766,838	30%	\$ 830,051
Barranca Pkwy & Technology Dr					1,475,000	107,380	1,367,620	30%	\$ 410,286
Alton Pkwy & Technology Dr (West)					305,000	35,350	269,650	30%	\$ 80,895
Alton Pkwy & Irvine Center Drive					5,024,003	222,998	4,801,005	30%	\$ 1,440,302
Irvine Center Dr & Enterprise Drive					40,000	492	39,508	30%	\$ 11,852
Irvine Center Drive & I-405 Southbound Ramps					2,025,000	28,755	1,996,245	30%	\$ 598,874
Annual Bikeway Upgrades (buffers/Class IV)		Roadway Improvements	25	1,500,000	37,500,000		37,500,000	30%	\$ 11,250,000
Marine Way/OCTA Bus Base Reconstruction	at Sand Canyon	Roadway Realignment			24,000,000		24,000,000	30%	\$ 7,200,000
Harvard Complete Streets Phase I	Walnut Avenue to Irvine Center Drive	Roadway and Intersection Improvements			5,000,000	4,400,000	600,000	30%	\$ 180,000
Harvard Complete Streets Phase II	Irvine Center Drive to Culver Drive	Roadway and Intersection Improvements			20,000,000		20,000,000	30%	\$ 6,000,000
Protective/Permissive Left-Turn Phasing Phase II		Intersection Improvements	25	\$ 2,500,000	62,500,000		62,500,000	30%	\$ 18,750,000
Total					839,969,401		\$ 807,239,778		\$ 358,094,800

¹ 30% Assumption: New Development Share for improvements expected to be constructed in buildout are assumed to be 30% of total costs. Percentages are based on the citywide average daily trips (ADT) contributed by future development in buildout.
 90% Assumption: The Irvine Business Complex (IBC) Fee Next Study determined the fees to be collected by future development in the IBC to fund up to 90% of the improvements while other funding sources such as grants to be identified by the City to fund the rest 10%. This 90% represents the IBC portion for both transportation mitigation and infrastructure improvement projects listed in the study.
 100% Assumption: New Development Share for improvements proposed as part of the General Plan Update are assumed to be 100% of total costs.
² This represents the applicable project net costs for IBC transportation mitigation and neighborhood infrastructure improvements listed in the latest 2020 IBC Fee Program Update approved by the City Council on February 9, 2021. This cost is based on the original IBC Vision Plan estimates, less spent amounts with Construction Cost Index (CCI) updates for the past five years.

Source: City of Irvine.

Fee per Trip Demand Unit

Every impact fee consists of a dollar amount, representing the value of facilities, divided by a measure of demand. In this case, all fees are first calculated as a cost per trip demand unit. Then these amounts are translated into housing unit (cost per unit) and employment space (cost per 1,000 square feet) fees by multiplying the cost per trip by the trip generation rate for each land use category. These amounts become the fee schedule.

Table 3.5 displays the calculation of the cost per trip demand unit under the planned standard. The total net facilities costs from **Table 3.4** are divided by the increase in total trips projected in 2050 from **Table 3.2** to determine the cost per trip needed to accommodate new development. This cost per trip is the basis for the maximum justified fee.

Table 3.5: Cost per Trip for Planned Development

Planned Facilities	\$	358,094,800
Future Trip Demand		<u>67,566</u>
Cost per Trip	\$	5,300

Sources: Tables 3.2 and 3.4.

Fee Schedule

Table 3.6 shows the transportation facilities fee schedule. The City can adopt any fee up to these amounts. The fees are based on the cost per trip identified in **Table 3.5**. The cost per trip is multiplied by the trip demand factors in **Table 3.1** to determine a fee per unit of new development. The fee per dwelling unit is converted into a fee per square foot by dividing the fee per dwelling unit by the assumed average square footage of a dwelling unit (1,825).

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

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

Table 3.6: Transportation Facilities Impact Fee Schedule

Land Use	A	B	C = A x B		D = C x 0.02		E = C + D	
	Cost Per Trip	Trip Demand Factor	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹	Fee per Sq. Ft. ³		
<u>Residential Dwelling Unit</u>	\$ 5,300	0.58	\$ 3,074	\$ 61	\$ 3,135	\$ 1.72		
<u>Nonresidential - per 1,000 Sq. Ft.</u>								
Commercial	\$ 5,300	1.77	\$ 9,381	\$ 188	\$ 9,569	\$ 9.57		
Office	5,300	1.68	8,904	178	9,082	9.08		
Industrial	5,300	0.54	2,862	57	2,919	2.92		
Mini Warehouse	5,300	0.35	1,855	37	1,892	1.89		
Hotel (per room)	5,300	0.75	3,975	80	4,055	9.90		
Extended Stay Hotel (per room)	5,300	0.46	2,438	49	2,487	6.07		

¹ Fee per average sized dwelling unit, hotel room 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 Assumes an average of 1,825 square feet per dwelling unit based on recent project approvals. Assumes average of 409 hotel square feet per room.

Sources: Tables 3.1 and 3.5.

Mitigation Fee Act Findings

The five statutory findings required for adoption of the transportation facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the Act.

Purpose of Fee

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

The transportation facilities fee is designed to ensure that new development will not burden the existing service population with the cost of transportation facilities required to accommodate growth. The purpose of the fees documented in this chapter 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 transportation 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).

Transportation facilities fees, if enacted by the City, would be used to fund a percentage of expanded transportation facilities to serve new development citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned transportation facilities projects is included in Table 3.4. These facilities are a current estimate of new facilities needed through 2050.

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 residents and workers associated with new development, who represent demand for transportation facilities. Using the planned facility allocation methodology outlined in Chapter 1, and the cost per capita standard calculated in Table 3.5, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used 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).*

New residential and nonresidential development will generate additional population growth. An increase in residents and workers will increase the demand for transportation facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the transportation facilities fee, demand is measured by a single facility standard (pm peak hour trips generated) that can be applied across land use types to ensure a reasonable relationship to the type of development. The service standards are calculated based upon the number of trips associated with residential development and the number of trips associated with non-residential development. To calculate a single, per trip standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development. See the *Trip Demand* section above for a discussion of the land use category weighting factor.

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 residential and non-residential population growth the project will accommodate. Fees for a specific project are based on the project's size. Larger development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 2.2 for the occupancy density assumptions that drive the proportionality of the fees between the land uses included in this study.

4. Police Facilities

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

Service Population

Police facilities serve both residents and businesses. Therefore, demand for services and associated facilities are based on the City’s service population including residents and workers. **Table 4.1** shows the existing and future projected service population for police facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and reflects the degree to which nonresidential development yields a lesser demand for police facilities.

Table 4.1: Police Facilities Service Population

	A	B	A x B = C
	Persons	Weighting Factor	Service Population
<i><u>Residents</u></i>			
Existing (2024)	314,550	1.00	314,550
New Development	30,850	1.00	30,850
Total (2050)	345,400		345,400
<i><u>Workers</u></i>			
Existing (2024)	257,921	0.31	79,956
New Development	80,779	0.31	25,041
Total (2050)	338,700		104,997
<i><u>Combined Residents and Weighted Workers</u></i>			
Existing (2024)			394,506
New Development			55,891
Total (2050)			450,397

Sources: Table 2.1; Willdan Financial Services.

Existing Facility Inventory

The City’s police facilities inventory is comprised of a share of space at City Hall, support facilities, vehicles and trailers. **Table 4.2** displays the City’s existing inventory of police facilities, including equipment and vehicles. In total the City owns \$157.0 million worth of police facilities.

Table 4.2: Existing Police Facilities Inventory

	Quantity	Units	Unit Cost	Replacement Cost
<u>Police Office</u>				
Police Station	75,404		\$ 1,400	\$ 105,565,600
Substation	3,000	sq. ft.	1,400	<u>4,200,000</u>
Subtotal				\$ 109,765,600
<u>Land</u>				
Police, Substation and Secured Parking	5.00	acres	\$ 6,969,600	<u>\$ 34,848,000</u>
Subtotal				\$ 34,848,000
<u>Vehicles and Equipment</u>				
Motorcycles	22		\$ 32,000	\$ 704,000
Sedan	4		35,000	140,000
Large Equipment	4		500,000	1,600,000
EV Truck	7		70,000	490,000
Truck	58		50,000	2,900,000
Trailers	8		18,000	144,000
SUV Non Patrol	32		40,000	1,280,000
SUV Patrol	103		<u>\$ 50,000</u>	<u>\$ 5,150,000</u>
Subtotal				<u>\$ 12,408,000</u>
Total Value - Existing Facilities				\$ 157,021,600

Sources: City of Irvine; Willdan Financial Services.

Planned Facilities

Table 4.3 summarizes the planned police facilities needed to serve the City, as identified by City staff. The City plans to expand and renew its police facilities, as well as purchase new vehicles and equipment. The total cost of the identified facilities is \$100.7 million. These figures are not used to calculate the fee, but rather to detail the expected uses of fee revenue.

Table 4.3: Planned Police Facilities

	Quantity	Units	Unit Cost	Cost
Future Public Safety Facility	60,000	sf	\$ 1,400	\$ 84,000,000
Irvine Police Department Evidence Area Modification				400,000
Public Safety Expansion (2nd Floor RTCC)				1,000,000
Public Safety Locker Room Expansion				6,000,000
Civic Center Improvements (PD Investigation Bureau)				2,650,000
Expansion in general PD space				2,161,000
Patrol Vehicles wth uplifting	75		60,000	\$ 4,500,000
Total				\$ 100,711,000

Source: City of Irvine.

Cost Allocation

Table 4.4 shows the calculation of the existing facilities standard per capita for police facilities. This cost is calculated by dividing the total existing value of all police facilities by the existing service population. The cost per capita is multiplied by the worker weighting factor of 0.31 to determine the cost per worker.

Table 4.4: Existing Level of Service

Value of Existing Facilities	\$	157,021,600
Existing Service Population		<u>394,506</u>
Cost per Capita	\$	398
Facility Standard per Resident	\$	398
Facility Standard per Worker ¹		123

¹ Based on a weighing factor of 0.31.

Sources: Tables 4.1 and 4.2.

Fee Revenue Projection

The City plans to use police facilities fee revenue to construct improvements and acquire capital facilities and equipment to add to the system of police facilities to serve new development. **Table 4.5** details a projection of fee revenue, based on the service population growth increment identified in **Table 4.1**. The City should program police facilities fee revenue to capacity expanding projects through its CIP and budget process.

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

Table 4.5: Revenue Projection - Existing Standard

Cost per Capita	\$	398
Growth in Service Population (2024 to 2050)		<u>55,891</u>
Fee Revenue	\$	22,244,618

Sources: Tables 4.1, 4.3 and 4.4.

Fee Schedule

Table 4.6 shows the maximum justified police facilities fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The fee per dwelling unit is converted into a fee per square foot by dividing the fee per dwelling unit by the assumed average square footage of a dwelling unit.

The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

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

Table 4.6: Police Facilities Fee - Maximum Justified Fee Schedule

Land Use	A	B	C = A x B	D = C x 0.02	E = C + D	F = E / Average
	Cost Per Capita	Density	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹	Fee per Sq. Ft. ³
<u>Residential Dwelling Unit</u>	\$ 398	2.53	\$ 1,007	\$ 20	\$ 1,027	\$ 0.56
<u>Nonresidential - per 1,000 Sq. Ft.</u>						
Commercial	\$ 123	2.12	\$ 261	\$ 5	\$ 266	\$ 0.27
Office	123	3.26	401	8	409	0.41
Industrial	123	1.16	143	3	146	0.15
Mini Warehouse	123	0.10	12	-	12	0.01
Hotel (per room)	123	0.25	30.75	1.00	31.75	0.08
Extended Stay Hotel (per room)	123	0.15	18.45	0.37	18.82	0.05

¹ Fee per average sized dwelling unit or per 1,000 square feet of nonresidential building space.

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 Assumes an average of 1,825 square feet per dwelling unit based on recent project approvals. Assumes average of 409 hotel square feet per room.

Sources: Tables 2.2 and 4.4.

Mitigation Fee Act Findings

The five statutory findings required for adoption of the police facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the Act.

Purpose of Fee

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

The police facilities fee is designed to ensure that new development will not burden the existing service population with the cost of police facilities required to accommodate growth. The purpose of the fees documented in this chapter 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 police 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).

Police facilities fees, if enacted by the City, would be used to fund expanded police facilities to serve new development citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned police facilities projects is included in Table 4.3.

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 residents and workers associated with new development, who represent demand for police facilities. Using the existing facility standard cost allocation methodology outlined in Chapter 1, and the cost per capita standard calculated in Table 4.4, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used 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).*

New residential and nonresidential development will generate additional population growth. An increase in residents and workers will increase the demand for police facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the police facilities fee, demand is measured by a single existing facility standard (current cost per capita) that can be applied across land use types to ensure a reasonable relationship to the type of development. The 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. See the *Service Population* section above for a discussion of the worker weighting factor.

The standard used to allocate facilities costs to new development at the City's current standard. 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.

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 residential and non-residential population growth the project will accommodate. Fees for a specific project are based on the project's size. Larger development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 2.2 for the occupancy density assumptions that drive the proportionality of the fees between the land uses included in this study.

5. General Government Facilities

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

Service Population

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

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

Table 5.1: General Government Facilities Service Population

	A	B	A x B = C
	Persons	Weighting Factor	Service Population
<i><u>Residents</u></i>			
Existing (2024)	314,550	1.00	314,550
New Development	30,850	1.00	30,850
Total (2050)	345,400		345,400
<i><u>Workers</u></i>			
Existing (2024)	257,921	0.31	79,956
New Development	80,779	0.31	25,041
Total (2050)	338,700		104,997
<i><u>Combined Residents and Weighted Workers</u></i>			
Existing (2024)			394,506
New Development			55,891
Total (2050)			450,397

¹ Workers are weighted at 0.31 of residents based on a 40 hour work week out of a possible 128 non-work hours in a week (40/128 = 0.31)

Sources: Table 2.1; Willdan Financial Services.

Existing Facilities Inventory

The City's general government facilities inventory is comprised of the City Hall, an operations support facility, an animal shelter, and vehicles and equipment. The replacement cost of these facilities was provided by the City. The land value is based on the City's recent sales data. In total the City owns approximately \$480.1 million worth of general government facilities. **Table 5.2** displays the City's existing inventory of general government facilities.

Table 5.2: Existing General Government Facilities Inventory

	Quantity	Units	Unit Cost	Replacement Cost
<u>Land (acres)</u>				
City Hall (non police portion)	10.00	acres	\$ 6,969,600	\$ 69,696,000
Operations Support Facility	13.50	acres	6,969,600	94,089,600
Animal Care Center/Shelter	4.00	acres	6,969,600	27,878,400
Subtotal - Land	27.50			\$ 191,664,000
<u>Buildings (square feet)¹</u>				
City Hall (non police portion)	115,829	sq. ft.	\$ 1,200	138,994,800
OSF Admin Building 1	39,433	sq. ft.	\$ 1,200	47,319,600
OSF Building 3	22,369	sq. ft.	\$ 1,200	26,842,800
OSF Garage 4	8,719	sq. ft.	\$ 1,200	10,462,800
OSF Parking Building	7,270	sq. ft.	\$ 1,200	8,724,000
OSF Storage Sheds	1,500	sq. ft.	\$ 1,200	1,800,000
OSF Butler Storage Shed	1,250			
OSF Tool and Equip. Storage	860			
Animal Care Center	20,670	sq. ft.	1,200	24,804,000
Subtotal - Buildings	217,900			\$ 258,948,000
<u>Vehicles and Equipment</u>				
Air Compressor/Generator	4		\$ 50,000	200,000
EV ATV	2		\$ 45,000	90,000
EV Sedan	3		\$ 50,000	150,000
Sedan Compact and Full Size	19		\$ 35,000	665,000
Cart	46		\$ 25,000	1,150,000
Large Equipment	13		\$ 400,000	5,200,000
Enterprise Asset Management System				2,000,000
Civic Center Clock Tower				800,000
End User IT & Telecommunications Equipment				1,000,000
EV Charging Stations	5		850,000	4,250,000
Fuel/Pump Stations	28		500,000	14,000,000
				<u>\$ 29,505,000</u>
Total Value - Existing Facilities				\$ 480,117,000

Sources: City of Irvine; Willdan Financial Services.

Planned Facilities

The City should program fee revenue to capacity expanding projects through its CIP and budget process. The City's general government facilities impact fee CIP is shown in **Table 5.3**.

Table 5.3: Planned General Government Facilities

	Quantity	Units	Unit Cost	Cost
Armstrong Civic Building and Community Center				\$ 23,500,000
OSF Warehouse Sprinklers				600,000
Civic Center Generator and Secured Lot Electrical Upgrades				9,862,000
Civic Center Parking Lot Rehabilitation				8,568,243
Irvine Animal Care Center & Operations Support Facility Renovation/Expansion				25,900,000
OSF Building 3 Improvements				545,000
City Hall Plaza and Lobby Improvements				<u>\$ 3,000,000</u>
				\$ 71,975,243
Total				

Sources: City of Irvine.

Cost Allocation

Table 5.4 shows the calculation of the system facilities standard per capita for general government facilities. This cost is calculated by dividing the total existing value of all existing and planned general government facilities by the service population at the study time horizon (2050). The cost per capita is multiplied by the worker weighting factor of 0.31 to determine the cost per worker.

Table 5.4: General Government Facilities System Standard

Value of Existing Facilities	\$	480,117,000
Value of Planned Facilities		<u>71,975,243</u>
Total System Value (2050)	\$	552,092,243
Future Service Population (2050)		<u>450,397</u>
Cost per Capita	\$	1,226
Cost Allocation per Resident	\$	1,226
Cost Allocation per Worker ¹		380

¹ Based on a weighting factor of 0.31.

Sources: Tables 5.1, 5.2 and 5.3.

Fee Revenue Projection

The City plans to use general government facilities fee revenue to construct improvements and acquire capital facilities and equipment to add capacity to the City's general government facilities to serve new development. **Table 5.5** shows the projected fee revenue based on the growth in service population identified in Table 5.1.

It is important to note that Table 5.5 calculates not only the fee revenue but also a portion of future projects that will have to be funded by other sources ("non development impact fee revenue") over the time horizon of the study (through 2050). This amount, totaling \$46.2 million, consists of the net costs of new projects after the projected fee revenue has been subtracted. Potential sources of revenue include but are not limited to existing or new general fund revenues, existing or new taxes, and grants.

Table 5.5: Revenue Projection - System Standard

Cost per Capita	\$	1,226
Growth in Service Population (2024 to 2050)		<u>55,891</u>
Fee Revenue	\$	68,522,366
Net Cost of Planned Facilities		<u>71,975,243</u>
Non-Fee Revenue To Be Identified	\$	(3,452,877)

Sources: Tables 5.1, 5.3 and 5.4.

Fee Schedule

Table 5.6 shows the maximum justified general government facilities fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The fee per dwelling unit is converted into a fee per square foot by dividing the fee per dwelling unit by the assumed average square footage of a dwelling unit.

The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

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

Table 5.6: Maximum Justified General Government Facilities Fee Schedule

Land Use	A	B	C = A x B	D = C x 0.02	E = C + D	F = E / Average
	Cost Per Capita	Density	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee	Fee per Sq. Ft. ³
<u>Residential Dwelling Unit</u>	\$ 1,226	2.53	\$ 3,102	\$ 62	\$ 3,164	\$ 1.73
<u>Nonresidential - per 1,000 Sq. Ft.</u>						
Commercial	\$ 380	2.12	\$ 806	\$ 16	\$ 822	\$ 0.82
Office	380	3.26	1,239	25	1,264	1.26
Industrial	380	1.16	441	9	450	0.45
Mini Warehouse	380	0.10	38	1	39	0.04
Hotel (per room)	380	0.25	95.00	1.90	96.90	0.24
Extended Stay Hotel (per room)	380	0.15	57.00	1.14	58.14	0.14

¹ Fee per average sized dwelling unit or per 1,000 square feet of nonresidential building space.

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 Assumes an average of 1,825 square feet per dwelling unit based on recent project approvals. Assumes average of 409 hotel square feet per room.

Sources: Tables 2.2, 5.3 and 5.4.

Mitigation Fee Act Findings

The five statutory findings required for adoption of the general government facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the *Act*.

Purpose of Fee

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

The general government facilities fee is designed to ensure that new development will not burden the existing service population with the cost of general government facilities required to accommodate growth. The purpose of the fees documented in this chapter 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 general government 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).*

General Government facilities fees, if enacted by the City, would be used to fund expanded general government facilities to serve new development Citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned general government facilities projects is included in Table 5.3.

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 residents and workers associated with new development, who represent demand for general government facilities. Using the system plan standard cost allocation methodology outlined in Chapter 1, and the cost per capita standard calculated in Table 5.4, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used 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).*

New residential and nonresidential development will generate additional population growth. An increase in residents and workers will increase the demand for general government facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the general government facilities fee, demand is measured by a single facility standard (cost per capita at the planning horizon) that can be applied across land use types to ensure a reasonable relationship to the type of development. The 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. See the *Service Population* section above for a discussion of the worker weighting factor.

The standard used to allocate facilities costs to new development is 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.

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 residential and non-residential population growth the project will accommodate. Fees for a specific project are based on the project's size. Larger development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 2.2 for the occupancy density assumptions that drive the proportionality of the fees between the land uses included in this study.

6. Library Facilities

The following chapter documents the nexus analysis, demonstrating the need for expanded library facilities to serve new development using the system standard approach. The fees calculated in this chapter could be implemented within the City of Irvine. The *essential nexus* for this facility category is between the demand for libraries within the City from the projected increase in residents and the additional library space and collections needed to meet those service demands. The fees are roughly proportional to demand because they ensure that new development can maintain the City’s existing ratio of library facilities to residents, and the fees are scaled based on the number of residents occupying a new dwelling unit.

The City is transitioning Library services from the County of Orange to a new Irvine Public Library system, allowing for a more personalized, local approach to library services. Currently, the Orange County Public Library operates three locations in Irvine: Heritage Park Library, University Park Library, and Katie Wheeler Library as outlined on **Table 6.2**. The City plans to keep and improve two libraries in Heritage Park and University Park and add three more libraries in strategic locations throughout the City in the future.

Service Population

Library facilities in the City primarily serve residents. Therefore, demand for services and associated facilities are based on the City’s residential population. **Table 6.1** shows existing and future service population for library services in the City.

Table 6.1: Library Facilities Service Population

	Residents
Existing (2024)	314,550
New Development	<u>30,850</u>
Total (2050)	<u>345,400</u>

Sources: Table 2.1; Willdan Financial Services.

Existing Library Facilities

The quantity of existing library facilities that the County owns will be used to inform the facility standards in this analysis. The County currently operates three libraries. The County also owns collections. **Table 6.2** details the existing library facilities in the City.

Table 6.2: Existing Library Facilities Inventory

	Quantity	Units	Unit Cost	Replacement Cost
<u>Land (acres)</u>				
Heritage Park Regional Library	4.00	acres	\$ 6,969,600	\$ 27,878,400
University Park Branch Library	1.50	acres	6,969,600	10,454,400
Subtotal - Land	5.50			\$ 38,332,800
<u>Buildings (square feet)¹</u>				
Heritage Park Regional Library	21,000	sq. ft.	\$ 1,200	\$ 25,200,000
University Park Branch Library	11,411	sq. ft.	1,200	13,693,200
Subtotal - Buildings	32,411			\$ 38,893,200
<u>Vehicles & Equipment</u>				
Books	250,329	volumes	25	6,258,225
Library System Technology				617,320
Vehicles	1	truck	70,000	70,000
	2	vans	60,000	120,000
Subtotal - Vehicles & Equipment				\$ 7,065,545
Total Value - Existing Facilities				\$ 84,291,545

Note: Katie Wheeler Branch Library is not listed here because it will be returned to the County after the City's temporary use.

Sources: City of Irvine; Willdan Financial Services.

Planned Facilities

Table 6.3 summarizes the planned library facility needed to serve the City through 2050. In all, the expanded facilities are estimated to cost approximately \$239.6 million.

Table 6.3: Planned Library Facilities

	Quantity	Units	Unit Cost	Construction Cost
<u>Land (acres)</u>				
Main Library	7.65	acres	\$6,969,600	\$ 53,317,440
Branch Library 1	1.53	acres	6,969,600	10,663,488
Branch Library 2	<u>1.07</u>	acres	6,969,600	<u>7,457,472</u>
Subtotal - Land	10.25			\$ 71,438,400
<u>Buildings (square feet)¹</u>				
Main Library	100,000	sq. ft.	\$ 1,200	\$ 120,000,000
Branch Library 1	20,000	sq. ft.	1,200	\$ 24,000,000
Branch Library 2	<u>14,000</u>	sq. ft.	1,200	<u>16,800,000</u>
Subtotal - Buildings	134,000			\$ 160,800,000
<u>Vehicles & Equipment</u>				
Books	250,000	volumes	25	6,250,000
Library System Technology				925,980
Vehicle				<u>190,000</u>
Subtotal - Vehicles & Equipment				\$ 7,365,980
Total				\$ 239,604,380

Sources: City of Irvine.

Cost Allocation

Table 6.4 details the City's current and future facilities as of 2050, and the future service population in 2050. The table calculates the level of service in 2050 on a per capita basis. This per capita amount is used to calculate the fee for future development.

Table 6.4: Library Facilities System

Value of Existing Facilities	\$ 84,291,545
Cost of Planned Facilities	<u>239,604,380</u>
Total System Value (2050)	\$ 323,895,925
Future Service Population (2050)	<u>345,400</u>
Cost per Resident	\$ 938

Sources: Tables 6.1, 6.2 and 6.3.

Use of Fee Revenue

The City can use library facilities fee revenues for the construction or purchase of buildings, land, vehicles and collections that are part of the system of library facilities serving new development. A list of planned facilities is included in Table 6.3.

Fee Revenue Projection

The City plans to use library facilities fee revenue to construct improvements to add to the system of library facilities that serves new development. The preliminary list of facilities to be funded by the fee is detailed above in 6.3. **Table 6.5** details a projection of fee revenue, based on the service population growth increment identified in Table 6.1, as well as the additional funding that will be required for the planned facilities.

Table 6.5: Library Impact Fee Revenue Projection

Cost per Capita	\$ 938
Growth in Service Population (2024 to 2050)	<u>30,850</u>
Fee Revenue	\$ 28,937,300
Net Cost of Planned Facilities	<u>239,604,380</u>
Non-Fee Revenue To Be Identified	\$ (210,667,080)

Sources: Tables 6.1, 6.3 and 6.4.

Fee Schedule

Table 6.6 shows the maximum justified library facilities fee schedule. The cost per capita is converted to a fee per unit of new development based on dwelling unit densities (persons per dwelling). The fee per average sized dwelling unit is converted into a fee per square foot by dividing the fee per dwelling unit by the assumed average square footage of a dwelling unit.

The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

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

Table 6.6: Library Facilities Fee - System Standard

Land Use	A	B	C = A x B	D = C x 0.02	E = C + D	F = E / Average
	Cost Per Capita	Density	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee	Fee per Sq. Ft. ³
<u>Residential Dwelling Unit</u>	\$ 938	2.53	\$ 2,373	\$ 47	\$ 2,420	\$ 1.33

¹ Fee per average sized dwelling unit.

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 Assumes an average of 1,825 square feet per dwelling unit based on recent project approvals. Assumes average of 409 hotel square feet per room.

Sources: Tables 2.2 and 6.4.

Mitigation Fee Act Findings

The five statutory findings required for adoption of the library facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the Act.

Purpose of Fee

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

The library facilities fee is designed to ensure that new development will not burden the existing service population with the cost of library facilities required to accommodate growth. The purpose of the fees documented in this chapter 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 library 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).

Library facilities fees, if enacted by the City, would be used to fund expanded libraries to serve new development citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned library projects is included in Table 6.3.

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 residents with new development, who represent the demand for library facilities. Using the planned facilities cost allocation methodology outlined in Chapter 1, and the cost per resident standard calculated in Table 6.4, the resulting fees ensure that new development will only fund its fair share of improvements at a level of service commensurate with the existing level of service. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential use classification 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).*

New residential development will generate additional population growth. An increase in residents will increase the demand for library facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the library facilities fee, demand is measured by a single facility standard (cost per capita at the planning horizon) that can be applied across land use types to ensure a reasonable relationship to the type of development. The service population standard is calculated based upon the number of residents associated with residential development.

The standard used to allocate facilities costs to new development is 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.

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

7. AB 602 Requirements

On January 1, 2022, new requirements went into effect for California jurisdictions implementing impact fees. Among other changes, AB 602 added Section 66016.5 to the Government Code, which set guidelines for impact fee nexus studies. Three key requirements from that section which concern the nexus study are reproduced here:

- 66016.5. (a) (2) When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.
- 66016.5. (a) (4) If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee.
- 66016.5. (a) (6) Large jurisdictions shall adopt a capital improvement plan as a part of the nexus study.

Compliance with AB 602

The following sections describe this study's compliance with the new requirements of AB 602.

66016.5. (a) (2) – Level of Service

1. For fees calculated under the existing standard methodology, the fees are calculated such that new development funds facilities at the existing level of service. This methodology applies to police facilities. The existing level service in terms of the existing facility investment per capita shown in each corresponding chapter.
2. For fees calculated under the planned facility methodology, the fees based on future facilities that will serve new development. The planned transportation facilities are intended to expand the City's transportation facilities to accommodate new development and maintain the City's level of service. New development pays a portion of most planned facilities and 90 to 100 percent of certain facilities that are solely for new development.
3. For the fees calculated under the system standard methodology, the maximum justified fees represent an increase in the facility level of service. The library and general government facilities fees were calculated under this methodology. The increased level of service is required to fund new development's fair share of facilities identified by the City as necessary to serve the entire City. New development will not fund the entirety of the increase in level of service, rather, it will fund a share of the increased level of service represented by the planned facilities. The City will have to fund existing development's share of the increased level of service through any other funding source.

66016.5. (a) (4) – Review of Original Fee Assumptions

This study is the first impact fee nexus study completed in Irvine for these categories, so there are no fee assumptions to review.

66016.5. (a) (6) – Capital Improvement Plan

The Capital Improvement Plan for this nexus study is comprised of the identified planned facilities within each facility fee chapter. Planned facilities identified in this document are sourced from the City's current adopted CIP and City staff. Adoption of this nexus study would approve the planned facilities identified herein as the Capital Improvement Plan for this nexus study.

Table 8.1: Mitigation Fee Act - Annual and Five-year Administrative Requirements

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

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

Sources: California Government Code §6601 and §6606.

Programming Revenues and Projects with the CIP

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

The City may decide to alter the scope of the planned projects or to substitute new projects if those new projects continue to represent an expansion of the City's facilities and provide benefit to new development. 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.