

AECOM



DEVELOPMENT IMPACT FEE PROGRAM (NEXUS STUDY)

City of East Palo Alto

Prepared for:
City of East Palo Alto
12 December 2013

AGENDA

- **Project Purpose** – why the nexus study was undertaken
- **Nexus Legalities** – requirements the nexus analysis must satisfy
- **Impact Fee Schedule** – infrastructure categories, development types, impact fee zones, impact fee amounts
- **Nexus Methodology** – calculations to determine each impact fee amount

OVERVIEW OF PROJECT

Project Purpose

- Provide necessary technical documentation and nexus analyses to support adoption of impact fee program in East Palo Alto
- Impact fee program would be preferable to current ad hoc impact fee negotiations
 - Easier to administer
 - More transparent
 - More predictable source of revenue
 - More legally defensible
- With anticipated levels of new development in Ravenswood Business District Specific Plan Area (RBD), the City needs reliable way to collect money to help fund the extensive infrastructure required to support new development

Mitigation Fee Act (AB 1600)

Legal requirements to identify:

- Purpose of fees
- How fees will be used
- Reasonable relationship between fee-funded public infrastructure and the type of development paying the fee
- Proportional relationship between the amount of the fee and the amount of the impact/demand created by new development paying the fee

IMPACT FEE SCHEDULE

Overview

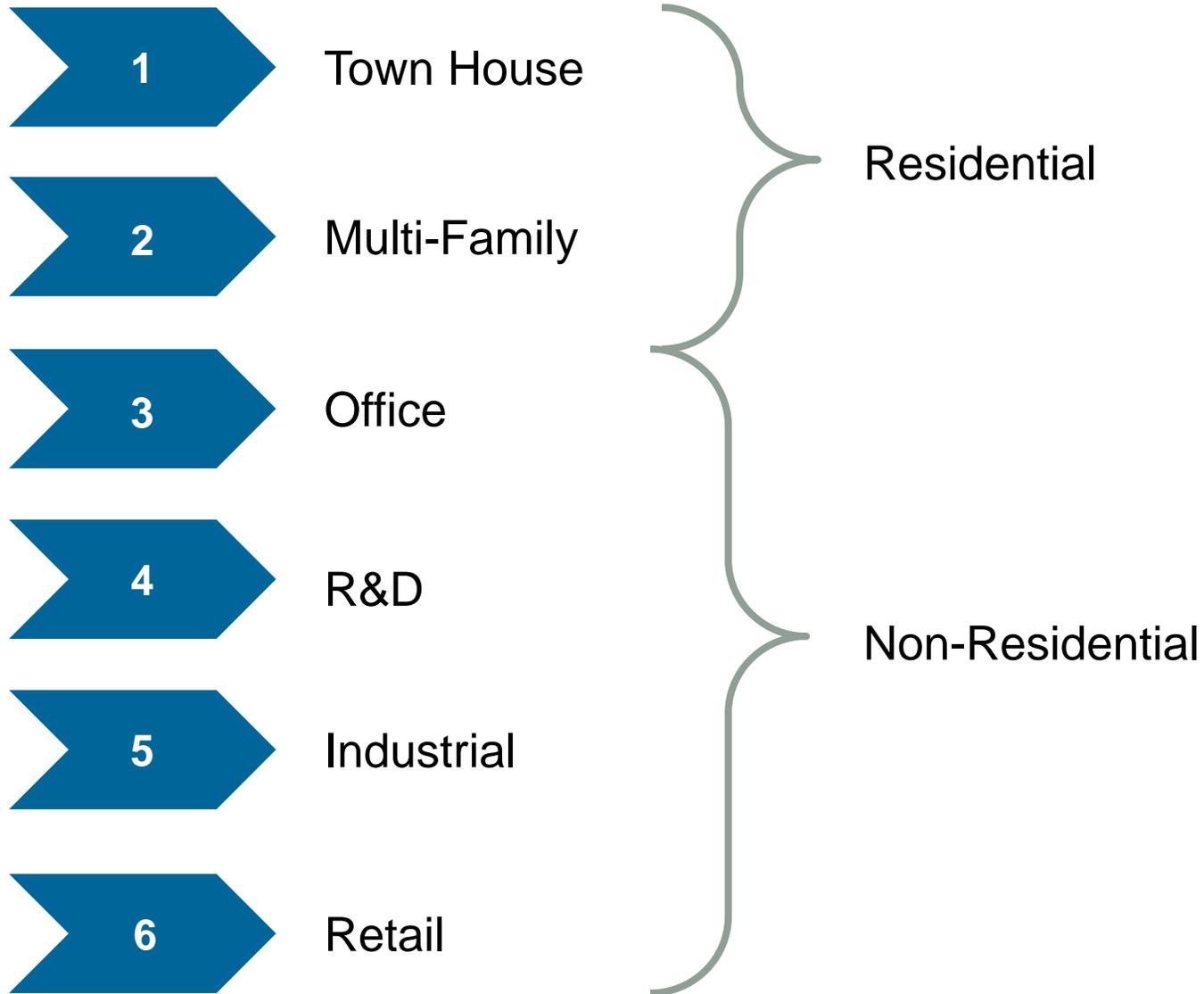
- 6 Infrastructure Categories
- 6 Development Types
- 2 Impact Fee Zones
- Impact fees in comparable jurisdictions

6 INFRASTRUCTURE CATEGORIES

- 1 Parks and Trails
- 2 Community Facilities
- 3 Water Infrastructure
- 4 Storm Drainage
- 5 Roadway Infrastructure
- 6 Streetscape Infrastructure

Categories chosen because of established correlation between new growth and demand

6 DEVELOPMENT TYPES



2 IMPACT FEE ZONES

1

City → Citywide Impact Fee

2

RBD → RBD-Specific Impact Fee

IMPACT FEE ASSIGNMENTS

Development NOT within RBD

Citywide Impact Fee

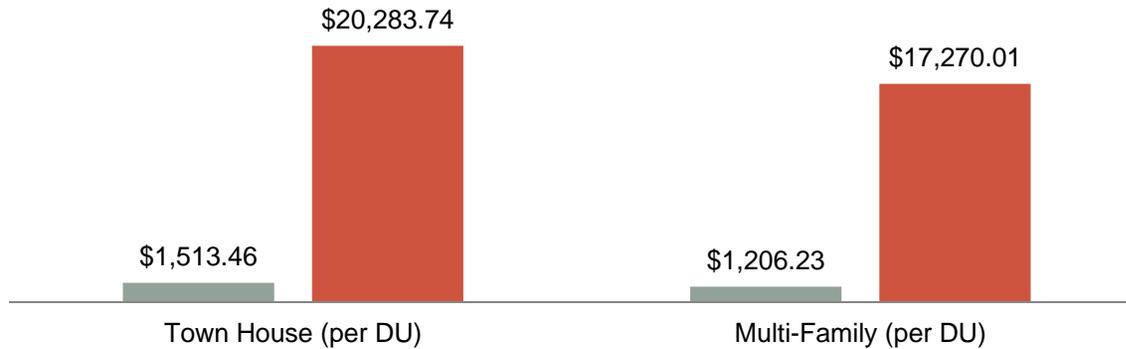
Development WITHIN RBD

Citywide Impact Fee + RBD-Specific Impact Fee

IMPACT FEE FINDINGS

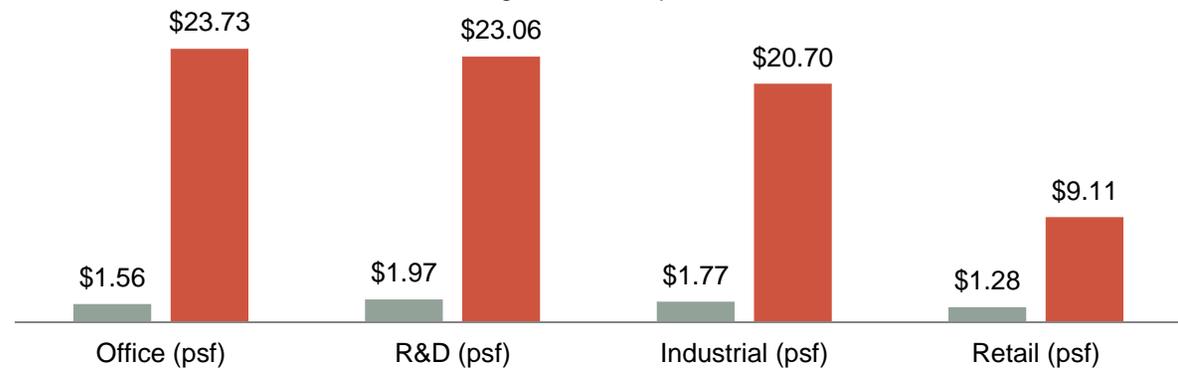
Residential Fees

- Total fee charged to development outside RBD
- Total fee charged to development within RBD



Non-Residential Fees

- Total fee charged to development outside RBD
- Total fee charged to development within RBD



IMPACT FEE FINDINGS

Residential Fees Outside RBD

■ Water Infrastructure ■ Community Facilities



Town House (per DU)

Multi-Family (per DU)

Non-Residential Fees Outside RBD

■ Water Infrastructure ■ Parks & Trails ■ Community Facilities



Office (psf)

R&D (psf)

Industrial (psf)

Retail (psf)

IMPACT FEE FINDINGS

Residential Fees Within RBD

- Roadway Infrastructure ■ Water Infrastructure
- Storm Drainage ■ Streetscape
- Community Facilities

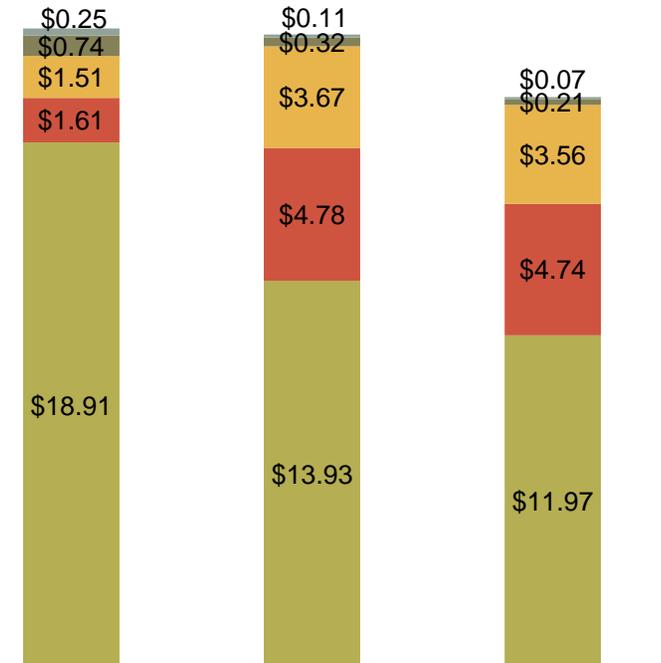


Town House (per DU)

Multi-Family (per DU)

Non-Residential Fees Within RBD

- Roadway Infrastructure ■ Water Infrastructure
- Storm Drainage ■ Streetscape
- Community Facilities



Office (psf)

R&D (psf)

Industrial (psf)

Note: No stand-alone retail projected for RBD

IMPACT FEE FINDINGS

Impact Fees in East Palo Alto	
Town House (per DU)	
Total fee charged outside RBD	\$1,513
Total fee charged within RBD	\$20,284
Multi-Family (per DU)	
Total fee charged outside RBD	\$1,206
Total fee charged within RBD	\$17,270
Office (psf)	
Total fee charged outside RBD	\$1.56
Total fee charged within RBD	\$23.73
R&D (psf)	
Total fee charged outside RBD	\$1.97
Total fee charged within RBD	\$23.06
Industrial (psf)	
Total fee charged outside RBD	\$1.77
Total fee charged within RBD	\$20.70
Retail (psf)	
Total fee charged outside RBD	\$1.28
Total fee charged within RBD	\$9.11

Average Impact Fees for Five Comparable Cities					
	San Leandro	Menlo Park	Union City	El Cerrito	Newark
Single-Family Residential (per DU)					
Outside SPA	\$7,501	\$4,800	\$18,851	\$2,595	\$6,732
Within SPA	\$8,797	\$4,800	\$28,652	\$2,595	\$6,732
Multi-Family Residential (per DU)					
Outside SPA	\$6,503	\$3,119	\$13,537	\$1,648	\$5,535
Within SPA	\$7,799	\$3,119	\$18,413	\$1,648	\$5,535
Office (psf)					
Outside SPA	\$3.51	\$4.13	\$1.51	\$3.51	\$3.47
Retail (psf)					
Outside SPA	\$3.91	\$4.13	\$0.11	\$1.82	\$3.47
Industrial (psf)					
Outside SPA	\$1.21	\$2.97	\$0.11	\$2.45	\$1.16

COMPARISON HIGHLIGHTS

Residential Fees Comparison

- Citywide: on the lower end
- RBD: on the higher end

Non-Residential Fee Comparison

- Citywide: on the lower end
- RBD: high

Overview

- Growth and development projections
- General assumptions
- Detailed calculations to determine fees
 - for each infrastructure category,
 - per development type,
 - in each impact fee zone.

DEVELOPMENT FORECAST

Development projections →

Demographic projections ↓

Zone	Growth (2010 – 2035)
Resident Population	
East Palo Alto	9,875
RBD	2,766
Employment Population	
East Palo Alto	7,814
RBD	4,851
Service Population	
East Palo Alto	13,782
RBD	5,192

Service population weights
 Resident = 1
 Employee = 0.5

25 Year Planning Horizon - Growth			
City of East Palo Alto			
	<u>Acreage</u>	<u>Number</u>	<u>Density (DUA)</u>
Housing Units	n/a	2,371	n/a
	<u>Land SF</u>	<u>Built SF</u>	<u>FAR</u>
Office	n/a	1,653,000	n/a
Industrial	n/a	240,000	n/a
R&D	n/a	156,000	n/a
Retail	n/a	353,000	n/a
RBD			
	<u>Acreage</u>	<u>Number</u>	<u>Density (DUA)</u>
Townhouses	1	19	25
Multi-Family Housing	20	816	41
	<u>Land SF</u>	<u>Built SF</u>	<u>FAR</u>
Office	901,000	1,250,000	1.5
Industrial	433,000	218,000	0.8
R&D	217,000	134,000	0.6
50-80 year Planning Horizon - Growth			
RBD			
	<u>Acreage</u>	<u>Number</u>	<u>Density (DUA)</u>
Townhouses	10	204	20
Multi-Family Housing	23	1,083	50
	<u>Land SF</u>	<u>Built SF</u>	<u>FAR</u>
Office	1,192,000	1,568,922	1.5
Industrial	1,804,000	975,000	0.5
R&D	1,281,245	714,000	0.5
Retail	328,000	131,000	0.4

GENERAL ASSUMPTIONS

General land use assumptions ↓

Town House (persons / DU)	3.9
Multi-Family (persons / DU)	3.2
SF / employee (Office)	260
SF / employee (R&D)	610
SF / employee (Industrial)	910
SF / employee (Retail)	440

Infrastructure requirements

- Adopted ten-year CIP
- RSP
- DEPLAN

PARKS AND TRAILS

- Commitment to providing recreation and open space amenities (Conservation and Open Space Element within General Plan)
- New development attracts new residents and employees who require new (or expanded and improved) open space
- 29 parks and trails projects in CIP/RSP (\$53M)



PARKS AND TRAILS

Maximum Supportable Impact Fees (Citywide)

*	Measure	Value	Source / Calculation
Service Population			
A	Total projected service population (2035)	43,513	Table 1 (refer to report)
B	Total new service population (2010-2035)	13,782	Table 1 (refer to report)
C	New growth as % of total service population (2035)	32%	B / A
Cost			
D	Total cost for additional parks and trails infrastructure	\$51,027,114	Table 3 (refer to report)
E	Cost attributable to new service population	\$16,162,153	D * C
F	Cost attributable to new service population, with 4% administrative fee	\$16,808,629	E * 1.04
G	Unit cost for parks and trails infrastructure (\$ / service population unit)	\$1,219.61	F / B
Non-Residential Nexus Fee Maximums			
	Office (\$/SF)	\$2.35	G / H
	R&D (\$/SF)	\$1.00	G / I
	Industrial (\$/SF)	\$0.67	G / J
	Retail (\$/SF)	\$1.39	G / K

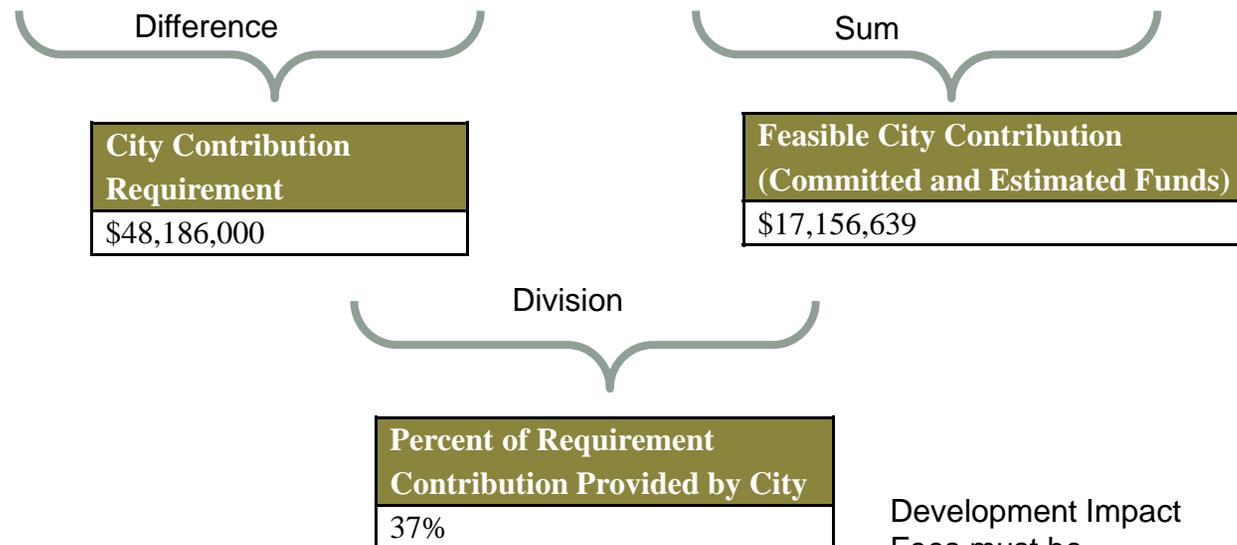
Note: Residential component fulfilled by Quimby Act fees

PARKS AND TRAILS

Chargeable Impact Fees (Citywide)

City's Proportional Share

TYPE	Project Cost	Estimated Maximum Impact Fee Revenue	Committed Funds (Prop 84)	Estimated Other Funds (Quimby Act Fees)
Parks and Trails	\$51,027,000	\$4,694,000	\$5,042,000	\$12,115,000



Development Impact Fees must be reduced by the same proportion

Chargeable Impact Fees (Citywide)

Development Impact Fee	Town House (per DU)	Multi-Family (per DU)	Office (psf)	R&D (psf)	Industrial (psf)	Retail (psf)
Parks and Trails						
Discounted fee (citywide)	n/a	n/a	\$0.87	\$0.37	\$0.25	\$0.51
<i>Maximum supportable fee (citywide)</i>	<i>n/a</i>	<i>n/a</i>	<i>\$2.35</i>	<i>\$1.00</i>	<i>\$0.67</i>	<i>\$1.39</i>

Quimby Act fees fulfill residential funding component of Parks and Trails.

COMMUNITY FACILITIES

- Commitment to providing community facilities (Land Use Element within General Plan)
- New development attracts new residents and employees who require new (or expanded and improved) community facilities
- 11 community facility projects in CIP/RSP (\$42M)
- Cost will be borne citywide (new parks and trails will benefit entire city, not just new development)
 - New development will pay its fair share



COMMUNITY FACILITIES

Maximum Supportable Impact Fees (Citywide)

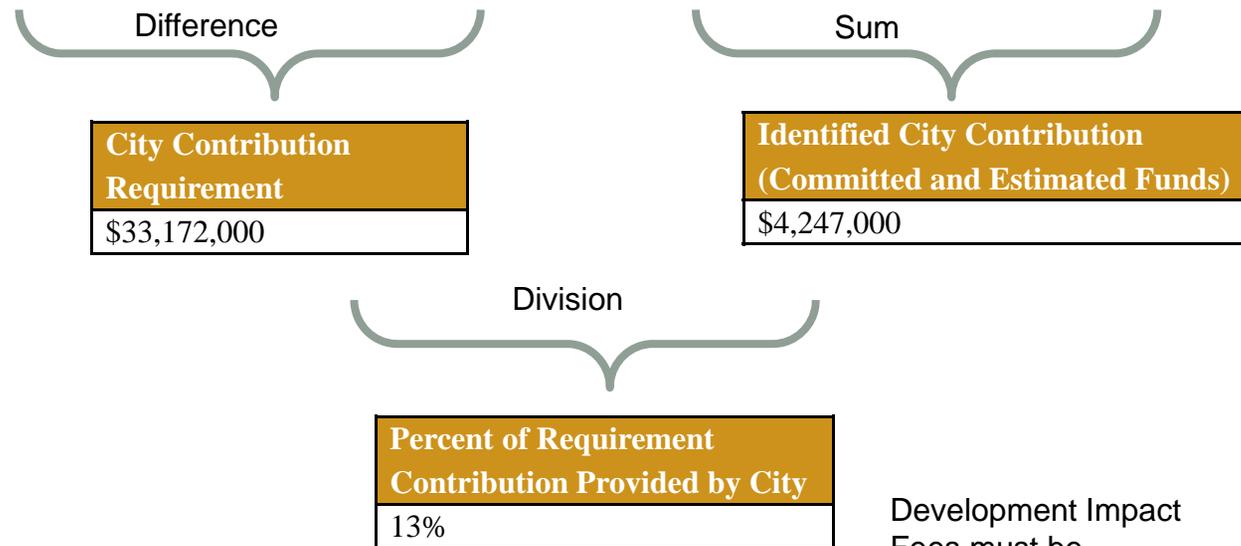
*	Measure	Value	Source / Calculation
Service Population			
A	Total projected service population (2035)	43,513	Table 1 (refer to report)
B	Total new service population (2010-2035)	13,782	Table 1 (refer to report)
C	New growth as % of total service population (2035)	32%	B / A
Cost			
D	Total cost for additional community facilities	\$41,815,000	Table 3 (refer to report)
E	Cost attributable to new service population	\$13,244,340	D * C
F	Cost attributable to new service population, with 4% administrative fee	\$13,774,113	E * 1.04
G	Unit cost for community facilities (\$ / service population)	\$999	F / B
Residential Nexus Fee Maximums			
Townhouse (\$ / DU)		\$3,895	G * H
Multi-Family (\$ / DU)		\$3,222	G * I
Non-Residential Nexus Fee Maximums			
Office (\$/SF)		\$1.92	G / J
R&D (\$/SF)		\$0.82	G / K
Industrial (\$/SF)		\$0.55	G / L
Retail (\$/SF)		\$1.14	G / M

COMMUNITY FACILITIES

Chargeable Impact Fees (Citywide)

City's Proportional Share

TYPE	Project Cost	Estimated Maximum Impact Fee Revenue	Committed Funds (Prop 84)	Estimated Other Funds
Community Facilities	\$41,815,000	\$9,919,000	\$0	\$4,247,000



Development Impact Fees must be reduced by the same proportion

COMMUNITY FACILITIES

Chargeable Impact Fees (Citywide)

Development Impact Fee	Town House (per DU)	Multi-Family (per DU)	Office (psf)	R&D (psf)	Industrial (psf)	Retail (psf)
Community Facilities						
Discounted fee (citywide)	\$510	\$422	\$0.25	\$0.11	\$0.07	\$0.15
<i>Maximum supportable fee (citywide)</i>	\$4,386	\$3,628	\$2.16	\$0.92	\$0.62	\$1.28

WATER INFRASTRUCTURE

- Commitment to providing adequate water infrastructure (Land Use Element within General Plan; Goal UTIL-3 of Ravenswood Specific Plan)
- New development attracts new residents and employees who require new (expanded/improved) water infrastructure
- Water storage, supply, and distribution projects in CIP/RSP (\$15.2M)
- **Water supply** costs will be borne citywide (benefit the whole City)
- **Storage and distribution** projects are engineered specifically to support new development in RBD; costs will be borne fully by new development



WATER INFRASTRUCTURE - SUPPLY

Maximum Supportable Impact Fees (Citywide)

*	Measure	Value	Source / Calculation
Capacity / Demand			
A	Capacity of new water supply infrastructure (gpd)	1,455,357	See Note 1
B	% of demand on new water supply infrastructure by new development (citywide)	100%	See Note 1
Cost			
C	Total cost for water supply infrastructure	\$5,400,000	Table 3
D	Cost attributable to new service population, with 4% administrative fee	\$5,616,000	$D = B * 1.04$
E	Unit cost for water supply infrastructure (\$ / gpd)	\$3.86	D / A
Residential Nexus Fee Maximums			
Townhouse (\$ / DU)		\$1,003	$E * F$
Multi-Family (\$ / DU)		\$784	$E * G$
Non-Residential Nexus Fee Maximums			
Office (\$/SF)		\$0.44	$E * H$
R&D (\$/SF)		\$1.49	$E * I$
Industrial (\$/SF)		\$1.45	$E * J$
Retail (\$/SF)		\$0.62	$E * K$

WATER INFRASTRUCTURE - DISTRIBUTION

Maximum Supportable Impact Fees (RBD-Specific)

*	Measure	Value	Source / Calculation
Capacity / Demand			
A	Demand for water distribution infrastructure (gpd) in RBD from new development	1,116,968	Table 24
Cost			
B	Total cost for water distribution infrastructure	\$4,838,327	Table 3
C	Unit cost for water distribution infrastructure, with 4% administrative fee (\$ / gpd)	\$4.50	B / A * 1.04
Residential Nexus Fee Maximums			
Townhouse (\$ / DU)		\$1,171	C * D
Multi-Family (\$ / DU)		\$915	C * E
Non-Residential Nexus Fee Maximums			
Office (\$/SF)		\$0.51	C * F
R&D (\$/SF)		\$1.74	C * G
Industrial (\$/SF)		\$1.69	C * H
Retail (\$/SF)		\$0.72	C * I

WATER INFRASTRUCTURE – STORAGE

Maximum Supportable Impact Fees (RBD-Specific)

* Measure	Value	Source / Calculation
Capacity / Demand		
A Water storage tank capacity required for new development in SPA (MG)	2	East Palo Alto Water System Master Plan
B Total projected acreage of new development (50-80 yr. planning horizon)	138	Table 2
Cost		
C Total cost for water storage tank	\$5,000,000	Table 3
D Per-acre cost for water storage tank (with 4% administrative fee)	\$37,578	C * 1.04 / B
Residential Nexus Fee Maximums		
Townhouse (\$ / DU)	\$1,879	D * E / F
Multi-Family (\$ / DU)	\$781	D * G / H
Non-Residential Nexus Fee Maximums		
Office (\$/SF)	\$0.66	D * I / 43,560 / J
R&D (\$/SF)	\$1.55	D * K / 43,560 / L
Industrial (\$/SF)	\$1.60	D * M / 43,560 / N
Retail (\$/SF)	\$2.16	D * O / 43,560 / P

WATER INFRASTRUCTURE

Chargeable Impact Fees

Development Impact Fee	Town House (per DU)	Multi-Family (per DU)	Office (psf)	R&D (psf)	Industrial (psf)	Retail (psf)
Water Infrastructure						
Citywide fee	\$1,003	\$784	\$0.44	\$1.49	\$1.45	\$0.62
RBD-specific fee	\$3,050	\$1,696	\$1.17	\$3.29	\$3.29	\$2.88
Fee charged to development outside RBD	\$1,003	\$784	\$0.44	\$1.49	\$1.45	\$0.62
Fee charged to development within RBD	\$4,053	\$2,480	\$1.61	\$4.78	\$4.74	\$3.50

STORM DRAINAGE

- Commitment to providing adequate storm drainage (Goal UTIL-3 in Ravenswood Specific Plan)
- New development attracts new residents and employees who require new (or expanded and improved) storm drainage
- Drainage projects in CIP/RSP (\$15.4M)
- Storm Drainage projects are engineered specifically to support new development in RBD; costs will be borne fully by new development



STORM DRAINAGE

Maximum Supportable Impact Fees (RBD-Specific)

*	Measure	Value	Source / Calculation
Service Population			
A	Impervious acres (correlated to demand for storm drain infrastructure) in RBD from new development	125	Table 24
Cost			
B	Total cost for storm drain infrastructure in RBD	\$15,413,372	Table 3
C	Unit Cost for storm drain infrastructure, with 4% administrative fee (\$ / impervious acre)	\$128,710.85	B / A * 1.04
Residential Nexus Fee Maximums			
	Townhouse (\$ / DU)	\$5,792	C * D
	Multi-Family (\$ / DU)	\$2,407	C * E
Non-Residential Nexus Fee Maximums			
	Office (\$/SF)	\$2.02	C / F
	R&D (\$/SF)	\$4.92	C / G
	Industrial (\$/SF)	\$4.77	C / H
	Retail (\$/SF)	\$6.65	C / I

STORM DRAINAGE

Chargeable Impact Fees

City's Proportional Share

Infrastructure Item	Project Cost	Estimated Maximum Impact Fee Revenue	Required City Contribution	Committed Funds
Water Infrastructure	\$15,413,000	\$16,030,000	\$0	\$3,925,000

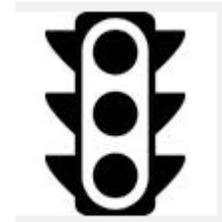
- Committed funds exist in excess of required City contribution (particularly for Storm Drainage)
- City can use 'excess' fund monies to remit a portion of development's burden

Development Impact Fee	Town House (per DU)	Multi-Family (per DU)	Office (psf)	R&D (psf)	Industrial (psf)	Retail (psf)
Storm Drainage						
Discounted RBD-specific fee	\$4,317	\$1,794	\$1.51	\$3.67	\$3.56	\$4.96
<i>Maximum supportable RBD-specific fee</i>	<i>\$5,792</i>	<i>\$2,407</i>	<i>\$2.02</i>	<i>\$4.92</i>	<i>\$4.77</i>	<i>\$6.65</i>

- Discounted fees calculated by subtracting 'excess' monies from cost total

ROADWAY INFRASTRUCTURE

- Commitment to providing adequate road infrastructure (Ravenswood Specific Plan EIR)
- New development attracts new residents and employees who require new (or expanded and improved) road infrastructure
- Roadway improvements projects in CIP/DEPLAN to **serve RBD** (\$43M)
- Road infrastructure costs will be borne by the RBD, since the planned roadway infrastructure is engineered to serve new RBD development



ROADWAY INFRASTRUCTURE

Maximum Supportable Impact Fees (RBD-Specific)

*	Measure	Value	Source / Calculation
Capacity / Demand			
A	Gross number of trips in RBD	21,902	Table 25
Cost			
B	Total cost for roadway improvements / street structure in RBD	\$43,378,927	Table 3
C	Unit cost for roadway improvements, with 4% administrative fee (\$ / trip)	\$2,059.81	B / A * 1.04
Residential Unit Conversions			
E	Townhouse (trips / DU)	5.81	Table 25
F	Multi-Family (trips / DU)	6.65	Table 25
Commercial Unit Conversions			
G	Office (trips / Ksf) ¹	11.01	Table 25
H	R&D (trips / Ksf) ¹	6.97	Table 25
I	Industrial (trips / Ksf) ¹	8.11	Table 25
Residential Nexus Fee Maximums			
Townhouse (\$ / DU)		\$11,967	C * E
Multi-Family (\$ / DU)		\$13,698	C * F
Non-Residential Nexus Fee Maximums			
Office (\$/SF)		\$22.68	C * G / 1000
R&D (\$/SF)		\$14.36	C * H / 1000
Industrial (\$/SF)		\$16.71	C * I / 1000

ROADWAY INFRASTRUCTURE

Chargeable Impact Fees (RBD-Specific)

City's Proportional Share

Infrastructure Item	Project Cost (incl. 4% administrative fee)	Estimated Maximum Impact Fee Revenue	Required City Contribution	Committed Funds
Road Infrastructure	\$45,114,000	\$45,114,000	\$0	\$7,500,000

- Committed funds exist in excess of required City contribution
- City can use 'excess' fund monies to remit a portion of development's burden

Development Impact Fee	Town House (per DU)	Multi-Family (per DU)	Office (psf)	R&D (psf)	Industrial (psf)
Roadway Infrastructure					
Discounted RBD-specific fee	\$9,898	\$11,329	\$18.76	\$13.82	\$11.87
<i>Maximum supportable RBD-specific fee</i>	<i>\$11,967</i>	<i>\$13,698</i>	<i>\$22.68</i>	<i>\$14.36</i>	<i>\$16.71</i>

- Discounted fees calculated by subtracting 'excess' monies from cost total

ROADWAY INFRASTRUCTURE

Chargeable Impact Fees (RBD-Specific)

Development Impact Fee	Town House (per DU)	Multi-Family (per DU)	Office (psf)	R&D (psf)	Industrial (psf)
Roadway Infrastructure					
Citywide fee	n/a	n/a	n/a	n/a	n/a
RBD-specific fee	\$9,898	\$11,329	\$18.76	\$13.82	\$11.87
Fee charged to development outside RBD	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fee charged to development within RBD	\$9,981	\$11,424	\$18.91	\$13.93	\$11.97

STREETSCAPE INFRASTRUCTURE

- Commitment to providing streetscape (Land Use Element within General Plan)
- New development attracts new residents and employees who require new (or expanded and improved) streetscape infrastructure
- Streetscape projects in DEPLAN **to serve RBD** (\$4.6M)
- Streetscape infrastructure costs will be borne by the RBD, since the planned RBD streetscape infrastructure is a local amenity that serves new RBD development



STREETSCAPE INFRASTRUCTURE

Maximum Supportable Impact Fees (RBD-Specific)

* Measure	Value	Source / Calculation
Service Population		
A Total new service population in RBD (2010 - 2035)	5,192	Table 1
Cost		
B Total cost for streetscape infrastructure in RBD	\$4,427,134	Table 3
C Unit cost for streetscape infrastructure, with 4% administrative fee (\$ / service population)	\$886.88	B / A * 1.04
Residential Nexus Fee Maximums		
Townhouse (\$ / DU)	\$3,457	C * D
Multi-Family (\$ / DU)	\$2,859	C * E
Non-Residential Nexus Fee Maximums		
Office (\$/SF)	\$1.71	C / F
R&D (\$/SF)	\$0.73	C / G
Industrial (\$/SF)	\$0.49	C / H

STREETSCAPE INFRASTRUCTURE

Chargeable Impact Fees (RBD-Specific)

City's Proportional Share

Infrastructure Item	Project Cost (incl. 4% administrative fee)	Estimated Maximum Impact Fee Revenue	Required City Contribution	Committed Funds
Streetscape	\$4,604,000	\$4,733,000	\$0	\$2,500,000

- Committed funds exist in excess of required City contribution
- City can use 'excess' fund monies to remit a portion of development's burden

Development Impact Fee	Town House (per DU)	Multi-Family (per DU)	Office (psf)	R&D (psf)	Industrial (psf)
Streetscape					
Discounted RBD-specific fee	\$1,505	\$1,245	\$0.74	\$0.32	\$0.21
<i>Maximum supportable RBD-specific fee</i>	<i>\$3,457</i>	<i>\$2,859</i>	<i>\$1.71</i>	<i>\$0.73</i>	<i>\$0.49</i>

- Discounted fees calculated by subtracting 'excess' monies from cost total

STREETSCAPE INFRASTRUCTURE

Chargeable Impact Fees (RBD-Specific)

Development Impact Fee	Town House (per DU)	Multi-Family (per DU)	Office (psf)	R&D (psf)	Industrial (psf)
Streetscape					
Citywide fee	n/a	n/a	n/a	n/a	n/a
RBD-specific fee	\$1,505	\$1,245	\$0.74	\$0.32	\$0.21
Fee charged to development outside RBD	\$0	\$0	\$0	\$0	\$0
Fee charged to development within RBD	\$1,583	\$1,309	\$0.78	\$0.33	\$0.22

CITY COMMENTS & QUESTIONS

