

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # 9:20 a.m.

Urgent Routine

AGENDA DATE June 30, 2009

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Public Hearing to Accept Testimony on the Proposed Revisions to the Public Facilities Impact Fee Program and Authorization to Schedule a Public Hearing for a Future Date Still to be Determined

STAFF RECOMMENDATIONS:

1. Conduct the Public Hearing on the revised Public Facility Impact Fee Program.
2. Authorize staff to schedule a Public Hearing and to return to the Board of Supervisors for further consideration upon final adoption of the Capital Improvement Program.

FISCAL IMPACT:

Since adoption of the program in 1990, Stanislaus County has collected over \$159 million in Public Facilities Fees and \$27 million in interest. Over \$100 million has been distributed to fund needed capital improvements including transportation infrastructure, jail expansion, library facilities and park improvements. The balance of these funds are dedicated to large, long term capital improvement projects including new jail construction and major road construction.

- Continued on Page 2 -

BOARD ACTION AS FOLLOWS:

No. 2009-461

On motion of Supervisor Grover, Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Grover, Monteith, and Chairman DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None


1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No. M-64-H-19

Public Hearing to Accept Testimony on the Proposed Public Facilities Impact Fees Program and Authorization to Schedule a Public Hearing for a Future Date Still to be Determined

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FISCAL IMPACT (Continued):

The revised Public Facilities Impact Fee Study projects population and employment growth in Stanislaus County through the year 2030 and identifies needed capital facilities to service that growth, totaling over \$1.2 billion. Of this total, over \$800 million is identified for transportation improvements.

DISCUSSION:

Program History

The primary objective of the PFF program is to ensure that new development pays the capital costs associated with growth. Authority to impose the fees is granted by the Mitigation Fee Act contained in California Government Code Sections 66000 et seq.

Stanislaus County's Public Facility Fee Program (PFF) was developed in 1989. The multi-jurisdictional nature of the program was unique at the time of initial adoption and has served as a model for many other jurisdictions throughout the State. Currently, 19 California counties either have some form of an impact fee program or are in the process of developing one. Stanislaus County's program still remains one of the most comprehensive and well established programs in the State.

The PFF program collects impact fees from new development throughout the County, both in cities and the unincorporated area, to fund the public facilities required to accommodate growth. The program includes two types of impact fees: Countywide fees which are collected from new development both in the cities and in the unincorporated area to fund public facilities for services provided to all county residents, and Unincorporated fees collected only from new development in the unincorporated area for services unique to those areas such as sheriff patrol and neighborhood parks.

The County has long standing agreements with each of the nine cities whereby cities collect PFF, or require vouchers confirming payment of the fees, on behalf of the County that apply to County-provided services within incorporated areas. In exchange, within city spheres of influence, the County defers to the City on most land use decisions as well as requires the collection of city sphere impact fees where applicable upon the issuance of building permits.

Since the program's original adoption in 1990, it has undergone three updates. In 1992, in response to a severe recession, the fees were reduced by removing over \$200 million of State highway projects with the expectation that the funding would be replaced "by new Federal and State gas tax revenues and project specific traffic mitigation fees." In 2003, a comprehensive update was completed which included the addition of an Animal

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Services category, the inclusion of regional and neighborhood park lands and the reprogramming of the fire fee to a broader emergency services category. In 2005, the program experienced an inflationary update using five separate cost inflation indexes.

This Public Hearing is to accept testimony regarding the proposed 2008-2009 comprehensive update to the Public Facility Fee program. The comprehensive update has been prepared in coordination with the development of the 2009 update to the County's Capital Improvement Program (CIP). Procedurally, it is important that the Board adopt the CIP prior to formally considering the Public Facility Fee program update. Upon adoption of the CIP, county staff will schedule another public hearing and return to the Board of Supervisors for consideration of the revised Public Facilities Fees.

2008-2009 Comprehensive Update

The May 11, 2009 Public Facilities Impact Fee Study is a comprehensive rewrite of the PFF program. The County's facility inventory and service demand factors have been updated. All unit costs identified in the program update have been revised in light of the current economic environment (fall 2008 valuations) with transportation facilities based upon most recent StanCOG traffic and General Plan Circulation Element data. The 2008/09 update analyzes Department of Finance and StanCOG traffic model projections over a 22 year planning horizon through calendar year 2030. A new information technology category has been added in recognition that large enterprise-wide applications represent significant capital investments.

Fee calculation methodology remains consistent with past practice and is based on a current level of service approach called the "Existing Inventory Method". The Existing Inventory method places value on existing facilities and a ratio to current population to identify a per capita facility standard. That standard is then applied to projected population growth (over the 22 year program window) to determine a fee basis that will maintain the existing level of service. The exceptions to this approach are:

- ◆ Transportation related fee categories which are based on a "Planned Facilities Method" which allocates costs based on the ratio of planned facility costs to demand from new development, and;
- ◆ Animal Services fee category which is based on a "System Plan Method" that calculates the fee based on the value of existing facilities plus the cost of planned facilities, divided by demand from existing plus new development. This approach creates an existing deficiency that must be met through non-fee funding.

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Several policy amendments are proposed in the update, including:

- ◆ The elimination of the Medical Office category which is folded into the general office category.
- ◆ Identification of a drive through category. This would be fixed as a base rate addition for those developments that propose a drive through component. This fixed fee addition is charged per drive through lane.
- ◆ Elimination of the fast food category.
- ◆ The addition of an Industrial Rail credit which adjusts each of the large industrial land use trip rates down to account for trips served by rail.
- ◆ Reduction of land use categories from 31 (current fee program) to 18. This streamlining of the land use categories provides a more functional approach for both the development community and building services staff at the fee calculation juncture.
- ◆ The program administrative fee is reduced from 2.5% to 1%

New to this year's program, is the introduction of two zones for the transportation fee components. Separated by the Tuolumne River, Zone 1 covers the northern portion of the County, including the cities of Oakdale, Riverbank, Waterford and a portion of Modesto. Zone 2 covers the southern portion of the County including the cities of Ceres, Hughson, Newman, Patterson, Turlock and a portion of Modesto. Fees in Zone 1 tend to be higher than those in Zone 2 due to the inclusion of the North County Corridor and two major interchange projects on Highway 99 at Kiernan and Hammett.

The fees proposed in the 2008-2009 Comprehensive Update represent decreases in 12 of the 18 categories, including office, commercial and small industrial categories. Fees for a single family residential dwelling increase from their current level of \$9,041 to \$11,464 in Zone 1 and \$9,537 in Zone 2. Per pump charges for a gas station increase from their current level of \$3,360 to \$9,775 in Zone 1 and \$6,757 in Zone 2.

Special discussion is needed relative to the Large Industrial categories: Manufacturing, Mixed Use/Distribution and Warehouse. Under the current program, the first 20,000 square feet in each of these categories is charged at the Small Industrial rate (currently \$3,515 per thousand square feet), and any additional square footage is charged at the rate for that particular category. For example, under the current program a 100,000 square foot (sqft) manufacturing facility would pay \$126,540 in PFF (20,000 sqft @ \$3,515/thousand sqft small industrial + 80,000 sqft @ \$703/thousand sqft

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manufacturing). Under the proposed program, a large industrial permit would pay based on the large industrial category only. In our example, a 100,000 square foot manufacturing facility would pay \$275,600 in Zone 1 (100,000 sqft @ \$2,756/thousand sqft manufacturing) or \$201,200 in Zone 2 (100,000 sqft @ \$2,012/thousand sqft manufacturing).

For smaller facilities, this change in methodology may actually result in a net decrease. For example, a 40,000 sqft warehouse would pay \$72,940 under the current fee structure and \$62,200 under the proposed fee structure in Zone 1 or \$43,640 in Zone 2. On the other hand, larger facilities could experience significant increases. For example, a 200,000 sqft warehouse would pay \$82,180 under the current fee structure and \$311,000 under the proposed fee structure in Zone 1 or \$219,200 in Zone 2.

Staff spent considerable time trying to analyze and understand why overall the Large Industrial categories are experiencing increases as other categories are declining. What was discovered was that during the 2005 inflationary adjustment, in addition to some apparent clerical errors, trip rates were selected to minimize the burden on industrial development. This "hand picking" of favorable rates resulted in an overall decrease in most large industrial categories at the same time all other program categories were being increased for inflation. Since that time, the methodology has been revised to allocate the public facilities burden consistently to all land uses based on data from the latest Institute of Transportation Engineers (ITE) manual, including appropriate factors to address diversion of traffic and causality factors. This approach incorporates a widely recognized and highly defensible methodology that is consistent with the 1990, 1992 and 2003 Stanislaus County PFF program updates. To illustrate, impact fees for a 100,000 sq ft Warehouse under the 2003 program were \$102,856. Under the 2005 inflationary adjustment they fell to \$75,603. Under the proposed program they would go to \$155,500 in Zone 1 or \$109,600 in Zone 2.

Raising Fees in the Current Economy

As we find ourselves mired in the worst economy in decades, a discussion is necessary as to the wisdom of raising fees in the current economic climate.

First, it is important to recognize that in the proposed program, 12 of the 18 program categories go down. This includes land uses such as general office, small and medium retail, small industrial, hospitals, nursing homes, and motels and hotels. The decrease in these fees is largely due to the update in population assumptions and adjustments to the methodology to more properly attribute trip generation to residential uses.

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Secondly, the current program has not been updated since 2005 and contains several deficiencies, most notable of which is a significant underfunding of facilities for Animal Services and the lack of several critical transportation projects such as Highway 132 improvements, the North County Corridor project and the Kiernan and Hammett interchanges. Transportation projects represent over 65% of the total proposed program.

Thirdly, waiting to raise fees until after the economy has begun to heat up again can present challenges to the development community if they have prepared pro formas based on existing fee structures to determine what they can pay for land. Knowing all of the costs of doing business, including fees, ahead of time allows developers to minimize risk and pay the appropriate price for land. While there is never a good time to raise fees, laying the foundation when times are slow will allow for these costs to be factored in as future pro formas are developed.

Public Outreach

Public outreach efforts regarding the proposed update have been considerable. In addition to conducting two public workshops (December 9, 2008 evening workshop and May 21, 2009 day workshop), staff has met on several occasions with representatives from the Manufacturing Council and Building Industry Association. Staff has made several presentations to city representatives, including a special workshop just for cities in March 2009, as well as a presentation to the Land Use & Transportation Committee of the Modesto Chamber of Commerce. The PFF program update team also met individually with several local developers and the City of Modesto to discuss the program. Based on feedback received from these outreach efforts, the program has undergone 4 major revisions to date. It is anticipated that revisions will continue based on testimony from this Public Hearing and other input received.

Regional Competitiveness

Staff analyzed Stanislaus County's impact fees per thousand square feet of manufacturing facility with several other California counties with impact fee programs. That comparison is shown in the following table:

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Table 1

County	Low	High
Fresno County	\$250	
Yolo County	\$562	
Stanislaus County – current fee (1)	\$703	
Madera County	\$729	\$1,963
Western Riverside County	\$970	\$1,610
Merced County	\$1,409	
El Dorado County	\$1,460	\$1,630
Shasta County (2)	\$1,886	
Stanislaus County – proposed fee	\$2,012	\$2,756
Alameda County	\$2,050	
San Joaquin County	\$2,353	\$9,936
Placer County	\$2,868	\$9,659
San Bernardino County	\$3,080	

(1) Note: 1st 20,000 sqft assessed at \$3,515 per thousand square feet; \$703 per thousand sqft thereafter.

(2) Note: Fees shown for Unincorporated South County Region, in Shasta Fire Department

As can be seen in the comparison data, Stanislaus County’s impact fee, while within range of our bordering counties, tends to hover towards the higher end. This has historically been the case as Stanislaus County was one of the very first adopters of a county impact fee program and remains one of the few counties with a fully comprehensive program.

In discussions with the Manufacturing Council, it was requested that a fee burden analysis be conducted comparing the costs of constructing industrial facilities in Stanislaus County to four different locations: In Merced County within the City of Merced Sphere of Influence, in San Joaquin County within the City of Stockton Sphere of Influence, in Fresno County within the City of Fresno Sphere of Influence and in San Bernardino County within the Victorville Sphere of Influence. The results of that study are shown in the following charts.

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Table 2

100,000 sqft Warehouse (Zone 1)	Stanislaus County and Modesto Sphere	Merced County and Merced Sphere	San Joaquin County and Stockton Sphere (1)	Fresno County and City of Fresno Sphere	San Bernardino County and Victorville Sphere
Proposed County impact fee	\$152,247	\$140,900	\$212,400 or \$970,659	\$29,200	\$90,000
City fees	\$288,000	\$381,200	Not charged in SOI	Not charged in SOI	Not charged in SOI
All other fees and charges	\$199,780	\$771,104	\$173,643	\$93,164	\$193,144
Total fees and charges	\$640,027	\$1,293,204	\$386,043 - \$1,144,302	\$122,364	\$283,144
Total fees/sqft	\$6.40	\$12.93	\$3.86- \$11.44	\$1.22	\$2.83

(1) San Joaquin County Habitat Conservation Fee varies based on zones. Agriculture areas pay \$14,104 per acre. Some zones pay no fee.

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Table 3

100,000 sqft Manufacturing (Zone 1)	Stanislaus County and Modesto Sphere	Merced County and Merced Sphere	San Joaquin County and Stockton Sphere (1)	Fresno County and City of Fresno Sphere	San Bernardino County and Victorville Sphere
Proposed County impact fee	\$270,276	\$140,900	\$235,300 or \$993,559	\$25,000	\$308,000
City fees	\$410,200	\$381,200	\$0	\$0	\$0
All other fees and charges	\$240,989	\$1,019,963	\$183,685	\$135,059	\$121,331
Total fees and charges	\$921,465	\$1,542,063	\$418,985- \$1,177,244	\$160,059	\$429,331
Total fees/sqft	\$9.21	\$15.42	\$4.19- \$11.77	\$1.60	\$4.29

(1) San Joaquin County Habitat Conservation Fee varies based on zones. Some zones pay no fee.

In evaluating overall regional competitiveness for a warehouse or manufacturing facility within a city sphere of influence, Stanislaus County is clearly on the higher end of the scale. Of particular note in the above examples is the level of sphere fees collected for the City of Modesto, which is approaching 45% of the total fee burden, compared to the County's impact fee which represents 24-29% of total fee burden.

One final comparison depicts the impact fees per individual jurisdiction per thousand square feet of manufacturing facility. It is important to note however that cities within Stanislaus County will also collect the County's impact fee for any development within their jurisdiction. Also, any impact fee comparative analysis can prove challenging as individual jurisdictions may include a variety of different services within their impact fee such as sewer and/or storm drain collection.

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Table 4

Jurisdiction	Low	High
City of Patterson	\$350	\$15,130
Stanislaus County – current fee (1)	\$703	
Stanislaus County – proposed fee	\$2,012	\$2,756
City of Waterford	\$3,183	\$4,683
City of Newman	\$3,481	
City of Merced	\$3,812	
City of Modesto	\$4,438	
City of Oakdale	\$4,750	\$5,498
City of Stockton	\$5,013	\$13,671
City of Riverbank	\$7,410	
City of Ceres	\$7,432	\$8,128
City of Hughson	\$12,514	
City of Turlock	\$32,782	\$34,774

(1) Note: 1st 20,000 sqft assessed at \$3,515 per thousand square feet; \$703 per thousand sqft thereafter.

Next Steps

As noted earlier, comments received from this Public Hearing will be considered in developing a final draft of the Public Facilities Impact Fee Study. As with previous versions, this final draft will be made available to interested parties over the County's website. The current draft can be viewed at <http://www.stancounty.com/CEO/econ-dev/pdf/county-impact-fee.pdf>. Upon the adoption of the 2009 Capital Improvement Program, county staff will schedule another Public Hearing and return the study to the Board of Supervisors for consideration.

POLICY ISSUES:

The Board of Supervisors is asked to consider whether continuing with the development of the revised Public Facility Fee program update is consistent with the goal of a Well Planned Infrastructure system.

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STAFFING IMPACTS:

There are no staffing impacts associated with this item. Staff from a variety of County departments, including the Chief Executive Office, CEO Capital Projects Division and Public Works, have assisted in the development of the fee study.

ATTACHMENTS AVAILABLE
FROM YOUR CLERK

Unincorporated Fee Comparison (Zone 1)

5/11/2009

Land Use	Current Fee	Proposed Fee	Diff %
<i>Residential (Per Dwelling Unit)</i>			
Single Family	\$ 9,041	\$ 11,464	\$ 2,423
Multi-Family	\$ 7,584	\$ 7,469	\$ (115)
<i>Non-residential (Per Thousand Square Feet)</i>			
<i>Office</i>			
General Office/Office Park	\$ 7,393	\$ 6,097	\$ (1,296)
Medical Offices	\$ 11,273	move to General Office	
<i>Industrial</i>			
Industrial (Small)	\$ 3,515	\$ 2,532	\$ (983)
<i>Industrial (Large) *</i>			
Manufacturing	\$ 703	\$ 2,756	\$ 2,053
Mixed Use/Distribution	\$ 146	\$ 2,952	\$ 2,806
Warehouse	\$ 66	\$ 1,555	\$ 1,489
<i>Commercial</i>			
Small Retail (former Convenience)	\$ 41,032	\$ 3,755	\$ (37,277)
Small Retail (former Retail <50K)	\$ 10,891	\$ 3,755	\$ (7,136)
Medium Retail	\$ 7,217	\$ 5,163	\$ (2,054)
Shopping Center	\$ 4,686	\$ 4,841	\$ 155
Shopping Mall	\$ 4,133	\$ 3,312	\$ (821)
Drive Through	\$ -	\$ 25,062	
Church	\$ 2,173	\$ 1,824	\$ (349)
Hospital	\$ 3,123	\$ 2,548	\$ (575)
Nursing Home	\$ 1,799	\$ 1,502	\$ (297)
Gas Station (per pump)	\$ 3,360	\$ 9,775	\$ 6,415
Motel/Hotel (per room)	\$ 2,173	\$ 1,905	\$ (268)
Golf Course (per acre)	\$ 2,652	\$ 2,106	\$ (546)

* Methodology change - current program calculates small industrial fee for 1st 20,000sqft; Proposed program does not, and calculates everything based on category fee/thousand sqft.

Unincorporated Fee Comparison (Zone 2)

DRAFT

5/11/2009

Land Use	Current Fee	Proposed Fee	Diff
<i>Residential (Per Dwelling Unit)</i>			
Single Family	\$ 9,041	\$ 9,537	\$ 496
Multi-Family	\$ 7,584	\$ 6,288	\$ (1,296)
<i>Non-residential (Per Thousand Square Feet)</i>			
<i>Office</i>			
General Office/Office Park	\$ 7,393	\$ 4,545	\$ (2,848)
Medical Offices	\$ 11,273	move to General Office	
<i>Industrial</i>			
Industrial (Small)	\$ 3,515	\$ 1,823	\$ (1,692)
<i>Industrial (Large) *</i>			
Manufacturing	\$ 703	\$ 2,012	\$ 1,309
Mixed Use/Distribution	\$ 146	\$ 2,083	\$ 1,937
Warehouse	\$ 66	\$ 1,096	\$ 1,030
<i>Commercial</i>			
Small Retail (former Convenience)	\$ 41,032	\$ 2,873	\$ (38,159)
Small Retail (former Retail <50K)	\$ 10,891	\$ 2,873	\$ (8,018)
Medium Retail	\$ 7,217	\$ 3,846	\$ (3,371)
Shopping Center	\$ 4,686	\$ 3,624	\$ (1,062)
Shopping Mall	\$ 4,133	\$ 2,567	\$ (1,566)
Drive Through	\$ -	\$ 17,323	
Church	\$ 2,173	\$ 1,538	\$ (635)
Hospital	\$ 3,123	\$ 2,038	\$ (1,085)
Nursing Home	\$ 1,799	\$ 1,316	\$ (483)
Gas Station (per pump)	\$ 3,360	\$ 6,757	\$ 3,397
Motel/Hotel (per room)	\$ 2,173	\$ 1,595	\$ (578)
Golf Course (per acre)	\$ 2,652	\$ 1,733	\$ (919)

* Methodology change - current program calculates small industrial fee for 1st 20,000sqft; Proposed program does not, and calculates everything based on category fee/thousand sqft.

Table E.1: Development Impact Fee Summary Unincorporated Zone 1

Land Use	Animal Services	Behavioral Health	Criminal Justice	Detention	Emergency Services	Health	Library	Other County Facilities	Regional Parks	Neighborhood Parks ¹	Sheriff ¹	RTIF	Roads City-County	County-wide IT	Admin Charge	Total Fee
<i>Residential (Per Dwelling Unit)</i>																
Single Family	\$ 79	\$ 161	\$ 145	\$ 967	\$ 19	\$ 281	\$ 394	\$ 1,608	\$ 337	\$ 611	\$ 530	\$ 6,036	\$ 138	\$ 44	\$ 114	\$ 11,464
Multifamily	55	112	101	675	13	196	275	1,122	235	426	370	3,699	85	31	74	7,469
<i>Nonresidential (Per Thousand Square Feet)</i>																
Office	N/A	\$ 46	\$ 40	\$ 273	\$ 6	\$ 80	N/A	\$ 453	N/A	N/A	\$ 149	\$ 4,868	\$ 111	\$ 11	\$ 60	\$ 6,097
<i>Industrial</i>																
Industrial (Small)	N/A	\$ 10	\$ 9	\$ 61	\$ 1	\$ 18	N/A	\$ 101	N/A	N/A	\$ 33	\$ 2,220	\$ 51	\$ 3	\$ 25	\$ 2,532
Industrial (Large)																
Manufacturing	N/A	15	13	87	2	26	N/A	145	N/A	N/A	48	2,336	53	4	27	2,756
Mixed Use / Distribution	N/A	6	5	35	1	10	N/A	58	N/A	N/A	19	2,726	62	1	29	2,952
Warehouse	N/A	3	3	17	0.40	5	N/A	28	N/A	N/A	9	1,441	33	1	15	1,555
<i>Commercial²</i>																
Small Retail	N/A	\$ 39	\$ 34	\$ 229	\$ 5	\$ 67	N/A	\$ 381	N/A	N/A	\$ 125	\$ 2,765	\$ 63	\$ 10	\$ 37	\$ 3,755
Medium Retail	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	4,128	94	10	51	5,163
Shopping Center	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	3,816	87	10	48	4,841
Shopping Mall	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	2,336	53	10	33	3,312
Church	N/A	\$ 39	\$ 34	\$ 229	\$ 5	\$ 67	N/A	\$ 381	N/A	N/A	\$ 125	\$ 896	\$ 20	\$ 10	\$ 18	\$ 1,824
Hospital	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	1,597	36	10	25	2,548
Nursing Home	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	584	13	10	15	1,502
<i>Special Cases</i>																
Drive Through (per lane) ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 24,260	\$ 554	N/A	\$ 248	\$ 25,062
Gas Station (per pump)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9,462	216	N/A	97	9,775
Motel/Hotel (per room)	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	974	22	10	19	1,905
Golf Course (per acre)	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	1,168	27	10	21	2,106

¹ Charged only in unincorporated areas.

² Small Retail is less than 50,000 sq. ft.; Medium Retail ranges from 50,000 -100,000 sq. ft.; Shopping Center ranges from 100,000 - 300,000 sq. ft.; Shopping Mall is greater than 300,000 sq. ft.

³ Drive through is charged per lane, in addition to commercial fees.

Table E.2: Development Impact Fee Summary Unincorporated Zone 2

Land Use	Animal Services	Behavioral Health	Criminal Justice	Detention	Emergency Services	Health	Library	Other County Facilities	Regional Parks	Neighborhood Parks ¹	Sheriff ¹	RTIF	Roads City-County	County-wide IT	Admin Charge	Total Fee
<u>Residential (Per Dwelling Unit)</u>																
Single Family	\$ 79	\$ 161	\$ 145	\$ 967	\$ 19	\$ 281	\$ 394	\$ 1,608	\$ 337	\$ 611	\$ 530	\$ 3,551	\$ 716	\$ 44	\$ 94	\$ 9,537
Multifamily	55	112	101	675	13	196	275	1,122	235	426	370	2,176	439	31	62	6,288
<u>Nonresidential (Per Thousand Square Feet)</u>																
Office	N/A	\$ 46	\$ 40	\$ 273	\$ 6	\$ 80	N/A	\$ 453	N/A	N/A	\$ 149	\$ 2,864	\$ 578	\$ 11	\$ 45	\$ 4,545
<u>Industrial</u>																
Industrial (Small)	N/A	\$ 10	\$ 9	\$ 61	\$ 1	\$ 18	N/A	\$ 101	N/A	N/A	\$ 33	\$ 1,306	\$ 263	\$ 3	\$ 18	\$ 1,823
Industrial (Large)																
Manufacturing	N/A	15	13	87	2	26	N/A	145	N/A	N/A	48	1,375	277	4	20	2,012
Mixed Use / Distribution	N/A	6	5	35	1	10	N/A	58	N/A	N/A	19	1,604	323	1	21	2,083
Warehouse	N/A	3	3	17	0.40	5	N/A	28	N/A	N/A	9	848	171	1	11	1,096
<u>Commercial²</u>																
Small Retail	N/A	\$ 39	\$ 34	\$ 229	\$ 5	\$ 67	N/A	\$ 381	N/A	N/A	\$ 125	\$ 1,627	\$ 328	\$ 10	\$ 28	\$ 2,873
Medium Retail	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	2,428	490	10	38	3,846
Shopping Center	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	2,245	453	10	36	3,624
Shopping Mall	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	1,375	277	10	25	2,567
Church	N/A	\$ 39	\$ 34	\$ 229	\$ 5	\$ 67	N/A	\$ 381	N/A	N/A	\$ 125	\$ 527	\$ 106	\$ 10	\$ 15	\$ 1,538
Hospital	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	939	189	10	20	2,038
Nursing Home	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	344	69	10	13	1,316
<u>Special Cases</u>																
Drive Through (per lane) ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 14,273	\$ 2,878	N/A	\$ 172	\$ 17,323
Gas Station (per pump)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,567	1,123	N/A	67	6,757
Motel/Hotel (per room)	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	573	116	10	16	1,595
Golf Course (per acre)	N/A	39	34	229	5	67	N/A	381	N/A	N/A	125	687	139	10	17	1,733

¹ Charged only in unincorporated areas.

² Small Retail is less than 50,000 sq. ft.; Medium Retail ranges from 50,000 -100,000 sq. ft.; Shopping Center ranges from 100,000 - 300,000 sq. ft.; Shopping Mall is greater than 300,000 sq. ft.

³ Drive through is charged per lane, in addition to commercial fees.

Table E.3: Development Impact Fee Summary Incorporated Zone 1

Land Use	Animal Services	Behavioral Health	Criminal Justice	Detention	Emergency Services	Health	Library	Other County Facilities	Regional Parks	Neighborhood Parks ¹	Sheriff ¹	RTIF	Roads City-County	County-wide IT	Admin Charge	Total Fee
<u>Residential (Per Dwelling Unit)</u>																
Single Family	\$ 79	\$ 161	\$ 145	\$ 967	\$ 19	\$ 281	\$ 394	\$ 838	\$ 337	N/A	N/A	\$ 6,036	\$ 138	\$ 44	\$ 94	\$ 9,533
Multifamily	55	112	101	675	13	196	275	585	235	N/A	N/A	3,699	85	31	61	6,123
<u>Nonresidential (Per Thousand Square Feet)</u>																
Office	N/A	\$ 46	\$ 40	\$ 273	\$ 6	\$ 80	N/A	\$ 235	N/A	N/A	N/A	\$ 4,868	\$ 111	\$ 11	\$ 57	\$ 5,727
<u>Industrial</u>																
Industrial (Small)	N/A	\$ 10	\$ 9	\$ 61	\$ 1	\$ 18	N/A	\$ 52	N/A	N/A	N/A	\$ 2,220	\$ 51	\$ 3	\$ 24	\$ 2,449
Industrial (Large)																
Manufacturing	N/A	15	13	87	2	26	N/A	75	N/A	N/A	N/A	2,336	53	4	26	2,637
Mixed Use / Distribution	N/A	6	5	35	1	10	N/A	30	N/A	N/A	N/A	2,726	62	1	29	2,905
Warehouse	N/A	3	3	17	0.40	5	N/A	15	N/A	N/A	N/A	1,441	33	1	15	1,533
<u>Commercial²</u>																
Small Retail	N/A	\$ 39	\$ 34	\$ 229	\$ 5	\$ 67	N/A	\$ 198	N/A	N/A	N/A	\$ 2,765	\$ 63	\$ 10	\$ 34	\$ 3,444
Medium Retail	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	4,128	94	10	48	4,852
Shopping Center	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	3,816	87	10	45	4,530
Shopping Mall	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	2,336	53	10	30	3,001
Church	N/A	\$ 39	\$ 34	\$ 229	\$ 5	\$ 67	N/A	\$ 198	N/A	N/A	N/A	\$ 896	\$ 20	\$ 10	\$ 15	\$ 1,513
Hospital	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	1,597	36	10	22	2,237
Nursing Home	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	584	13	10	12	1,191
<u>Special Cases</u>																
Drive Through (per lane) ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 24,260	\$ 554	N/A	\$ 248	\$ 25,062
Gas Station (per pump)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9,462	216	N/A	97	9,775
Motel/Hotel (per room)	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	974	22	10	16	1,594
Golf Course (per acre)	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	1,168	27	10	18	1,795

¹ Charged only in unincorporated areas.

² Small Retail is less than 50,000 sq. ft.; Medium Retail ranges from 50,000 -100,000 sq. ft.; Shopping Center ranges from 100,000 - 300,000 sq. ft.; Shopping Mall is greater than 300,000 sq. ft.

³ Drive through is charged per lane, in addition to commercial fees.

Table E.4: Development Impact Fee Summary Incorporated Zone 2

Land Use	Animal Services	Behavioral Health	Criminal Justice	Detention	Emergency Services	Health	Library	Other County Facilities	Regional Parks	Neighborhood Parks ¹	Sheriff ¹	RTJF	Roads City-County	County-wide IT	Admin Charge	Total Fee
<u>Residential (Per Dwelling Unit)</u>																
Single Family	\$ 79	\$ 161	\$ 145	\$ 967	\$ 19	\$ 281	\$ 394	\$ 838	\$ 337	N/A	N/A	\$ 3,551	\$ 716	\$ 44	\$ 75	\$ 7,607
Multifamily	55	112	101	675	13	196	275	585	235	N/A	N/A	2,176	439	31	49	4,942
<u>Nonresidential (Per Thousand Square Feet)</u>																
Office	N/A	\$ 46	\$ 40	\$ 273	\$ 6	\$ 80	N/A	\$ 235	N/A	N/A	N/A	\$ 2,864	\$ 578	\$ 11	\$ 41	\$ 4,174
<u>Industrial</u>																
Industrial (Small)	N/A	\$ 10	\$ 9	\$ 61	\$ 1	\$ 18	N/A	\$ 52	N/A	N/A	N/A	\$ 1,306	\$ 263	\$ 3	\$ 17	\$ 1,740
Industrial (Large)																
Manufacturing	N/A	15	13	87	2	26	N/A	75	N/A	N/A	N/A	1,375	277	4	19	1,893
Mixed Use / Distribution	N/A	6	5	35	1	10	N/A	30	N/A	N/A	N/A	1,604	323	1	20	2,035
Warehouse	N/A	3	3	17	0.40	5	N/A	15	N/A	N/A	N/A	848	171	1	11	1,074
<u>Commercial²</u>																
Small Retail	N/A	\$ 39	\$ 34	\$ 229	\$ 5	\$ 67	N/A	\$ 198	N/A	N/A	N/A	\$ 1,627	\$ 328	\$ 10	\$ 25	\$ 2,562
Medium Retail	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	2,428	490	10	35	3,535
Shopping Center	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	2,245	453	10	33	3,313
Shopping Mall	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	1,375	277	10	22	2,256
Church	N/A	\$ 39	\$ 34	\$ 229	\$ 5	\$ 67	N/A	\$ 198	N/A	N/A	N/A	\$ 527	\$ 106	\$ 10	\$ 12	\$ 1,227
Hospital	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	939	189	10	17	1,727
Nursing Home	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	344	69	10	10	1,005
<u>Special Cases</u>																
Drive Through (per lane) ³	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 14,273	\$ 2,878	N/A	\$ 172	\$ 17,323
Gas Station (per pump)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,567	1,123	N/A	67	6,757
Motel/Hotel (per room)	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	573	116	10	13	1,284
Golf Course (per acre)	N/A	39	34	229	5	67	N/A	198	N/A	N/A	N/A	687	139	10	14	1,422

¹ Charged only in unincorporated areas.

² Small Retail is less than 50,000 sq. ft.; Medium Retail ranges from 50,000 -100,000 sq. ft.; Shopping Center ranges from 100,000 - 300,000 sq. ft.; Shopping Mall is greater than 300,000 sq. ft.

³ Drive through is charged per lane, in addition to commercial fees.



BUILDING INDUSTRY ASSOCIATION
OF CENTRAL CALIFORNIA

Serving Mariposa, Merced, Stanislaus and Tuolumne Counties

rec'd 6/30/09
LKing

June 29, 2009

The Honorable Jim DeMaritini
Stanislaus County Board of Supervisors
1010 Tenth Street, Suite 6500
Modesto, California 95354

Re: Draft Public Facilities Impact Fee Study

Dear Chair Demartini and Members of the Board of Supervisors:

The Building Industry Association of Central California (BIACC) is a trade association representing hundreds of businesses and thousands of employees involved in one of the most important segments of our local economy.

We take this opportunity to thank the County of Stanislaus for considering BIACC input into the process to conduct the Public Facilities Impact Fee Study (PFF). We want to recognize your staff for their effort in conducting a robust stakeholder outreach process to include this association and others in every step of the process to arrive at a proposed fee schedule.

We now understand that the county will postpone adoption of the proposed fee schedule pending review and adoption of an updated Capital Improvement Program (CIP). As we understand it, the county seeks to harmonize the CIP to both the General Plan and the public facilities impact fee justification study and report.


We have considered and herein are providing comments that may be helpful to review prior to bringing the new PFF schedule to the Board for adoption. Our comments are consistent with those sent to staff in previous (March 2009) correspondence.

1. Land value assumptions used in the study should be revised to reflect *current* land costs in Stanislaus County.
2. We recognize that land costs can be mercurial and therefore recommend that the fee schedule undergo annual review in order to maintain currency of land costs.

3. We recommend that due to the substantial increase of the proposed fee schedule and loss of hundreds of employees due to increasingly declining government revenue, that the County should evaluate and refine proposed county facilities and scale-back unneeded facilities in order to reduce the magnitude of the proposed fee increase.
4. We suggest the inclusion of an identified set of annual inflationary indices that are substantially reflective of materials, engineering and labor costs for the Modesto MSA.
5. We recommend the inclusion of language requiring the conduct of a public hearing(s) in order to consider making *any* revisions to the fee schedule. This language should be included in any ordinance enabling the adoption of the new fee schedule.
6. We maintain our position that the County must establish new intergovernmental agreements with each of the incorporated cities to establish, approve and authorize the collection of countywide fees within the incorporated cities.
7. We note that under the current fee collection scheme cities transmit PFF revenue collected on behalf of the County quarterly. Because revenue from fees has been transmitted from cities to the county quarterly for the past 18 or so years, it is our position the interval of fee collection should be revised to be collected at issuance of occupancy rather than at building permit. We believe 18 years history demonstrates the county will not be financially harmed by collecting fees later in the building cycle.

We again thank you for the opportunity to comment of the draft study. We beg your indulgence that if other issues arise related to the PFF update, the association reserves the opportunity to provide additional comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen D. Madison", written over a horizontal line.

Stephen D. Madison
Executive Officer



Stanislaus County Public Facilities Impact Fee Program Update 2009

Public Hearing
to Discuss Proposed Program Revisions

June 30, 2009



RECOMMENDATIONS

1. Conduct a Public Hearing on the revised Public Facility Impact Fee Program;
2. Authorize staff to schedule a Public Hearing and to return to the Board of Supervisors for further consideration upon final adoption of the Capital Improvement Program.

BACKGROUND/HISTORY



Primary Objective: New development pays the capital costs associated with growth;

- Stanislaus County program the first in California, one of the most comprehensive in the State;
- Program collects impact fees from new development both in cities and unincorporated areas to fund the public facilities required to accommodate growth;
- Since program adoption in 1990 the program has undergone three updates – in 1992, 2003 and 2005;

2009 COMPREHENSIVE UPDATE

May 2009 PFF Update is a comprehensive update of the PFF program;

- Facility inventory and service demand factors updated;
- All unit costs have been revised to Fall 2008 valuations;
- Transportation facilities are based upon most recent StanCOG Traffic and General Plan Circulation Element data;
- New Information Technology (IT) category has been added;
- All data is projected over a 22 year planning horizon;
- Program out year 2030;





2009 COMPREHENSIVE UPDATE

FEE CALCULATION METHODOLOGIES

Fee calculation methodology remains consistent with past practice and is based on a current level of service approach called the **Existing Inventory Method**.

Exceptions to this approach are:

- Transportation related fee categories are based on a **Planned Facilities Method**.
- Animal Services fee category is based upon a **System Plan Method**.

2009 COMPREHENSIVE UPDATE

POLICY AMENDMENTS



Several policy amendments are proposed as part of the Facility Fee Update, including:

- Elimination of the Medical Office category which has been folded into the General Office category;
- Identification of a Drive Through category;
 - Fixed base rate addition
- Elimination of the Fast Food category;
- Addition of an Industrial Rail credit which adjusts large Industrial uses to account for trips served by rail;
- Reduction of land use categories from 31 to 18;
- Program Administrative Fee reduction from 2.5% to 1%;
- Two Zone approach to Transportation Fee components.

TRANSPORTATION FEE OVERVIEW



- Proposed facilities include roadway and intersection improvements to accommodate new development
- PFF documents the relationship between new development and proposed facilities
- Regional traffic model is used to forecast trip demand on facilities
- Two components: RTIF (93%), City/County (7%)
- RTIF consists of approx. \$1 billion of projects, with PFF Max. Justified collection of \$850 million
- City / County consists of approx. \$70 million, with proposed collection of \$64 million
- Fee collection is by Zone
- All projects are allocated by trip generation which includes zone 1, zone 2, and external trips

Public Facility Fee Up

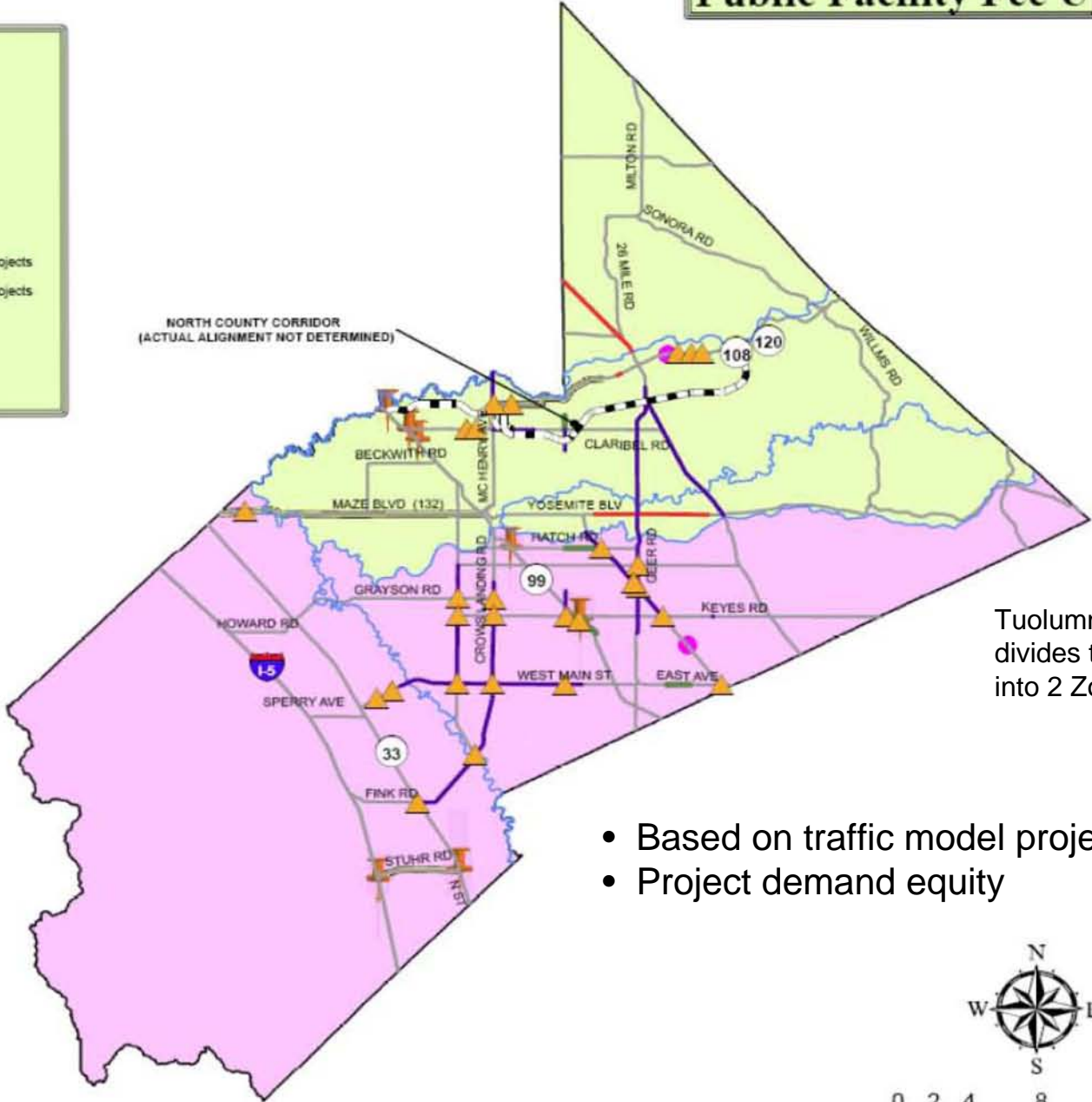
Legend

- mainroads
- r/f-road
- r/f-highway projects
- ▲ r/f-traffic signals
- city-county road
- north county corridor
- city-county traffic signal
- city-county state highway projects
- city-county state highway projects

Pff-Zones

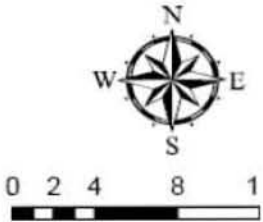
ZONE

- 2
- 1



Tuolumne River divides the County into 2 Zones

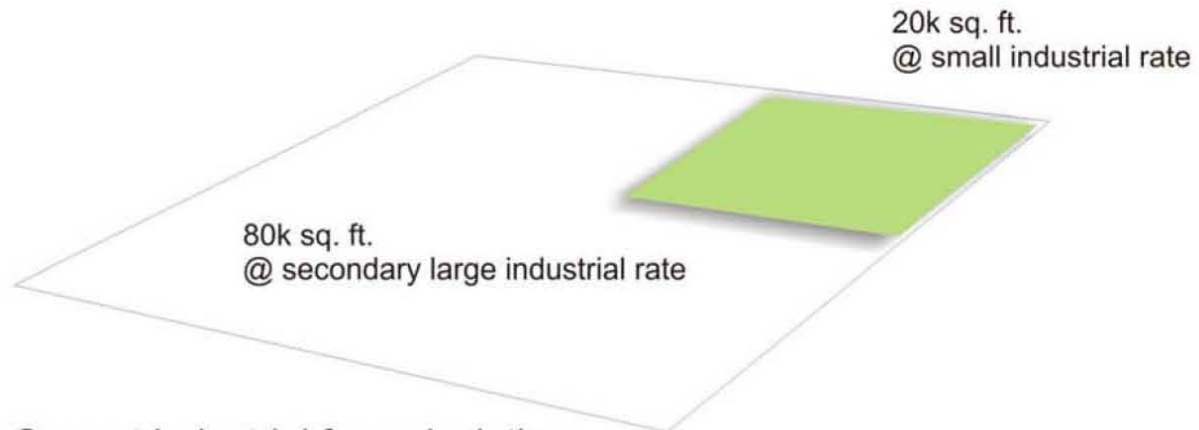
- Based on traffic model projections
- Project demand equity



2009 COMPREHENSIVE UPDATE

Large Industrial Fee Calculation - CURRENT

Under the existing/current program the first 20,000 square feet in each of the large industrial categories is charged at the small industrial rate (currently \$3,515 per 1k sq. ft.) and additional sq ft is calculated at a second rate per category.



Current Industrial fee calculation
100,000 sq ft

Manufacturing Example:

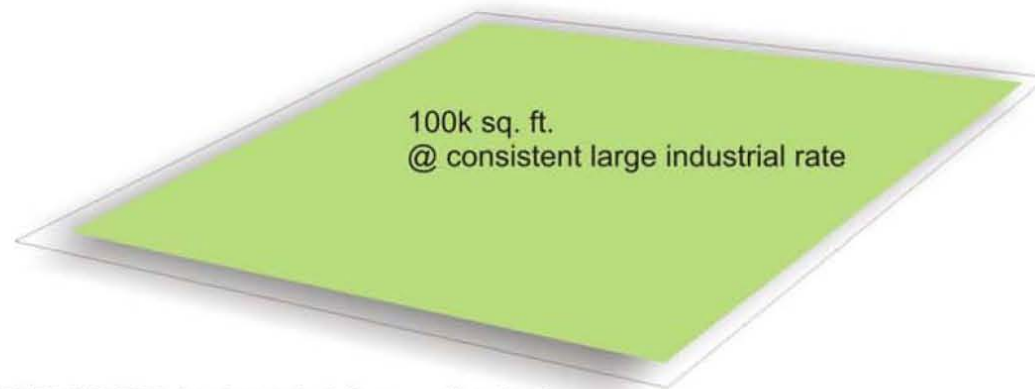
$$\begin{aligned} 20 \times \$3,515 &= \$70,300 \\ + 80 \times \$703 &= \$56,240 \end{aligned}$$

Total Fee = \$126,540

2009 COMPREHENSIVE UPDATE

Large Industrial Fee Calculation – NEW APPROACH

Proposed under the new fee program the entire square footage Footprint in all large industrial scenarios would be charged at a Constant large use fee rate. The proposed fee rate for warehouse Is \$1,555 (Zone 1) and \$1,096 (Zone 2).



REVISED Industrial fee calculation
100,000 sq ft

Zone 1 Manufacturing Example:

$$100 \times \$2,756 = \$275,600$$

Total Fee = \$275,600
\$2.75 per sq. ft.



2009 COMPREHENSIVE UPDATE

INDUSTRIAL FEE CALCULATION INCREASE

The Industrial fee calculation increases considerably with the 2009 Update primarily due to:

- During the 2005 inflationary update trip rates were hand selected to minimize the burden on industrial development;
- This hand picking approach resulted in an overall decrease in most large industrial categories at a time when all other categories were being increased for inflation;
- The 2009 Program Update allocates the public facilities burden consistently to all land uses based upon data from the latest Institute of Transportation Engineers (ITE) manual;
- This methodology includes appropriate factors to address trip diversion and causality factors;
- The Update incorporates a highly defensible methodology consistent with 1990, 1992 and 2003 program revisions.

RAISING FEES IN THE CURRENT ECONOMY

Big Picture Issues



- Proposed fee update recommends 12 of 18 fee categories to decrease;
- Decreases are largely due to update of population assumptions, and adjustments to methodology to more properly attribute trip generation to residential uses;
- Current program has not been updated since 2005;
- Current program contains several deficiencies, most notably:
 - Hand picked favorable rates for industrial categories
 - Under funding for Animal Services category
 - Missing critical transportation projects:
 - Hwy 132 improvements
 - North County Corridor
 - Kiernan and Hammett Interchanges
- Waiting to raise fees until economy heats up may cause equally difficult challenges to development community - pro forma development and land cost speculation.

REGIONAL COMPETITIVENESS COMPARATIVE ANALYSIS



Stanislaus County's impact fee per thousand square feet of manufacturing facility.

A Comparative with several other
California Counties with
impact fee programs.

LOW

HIGH

County	Low	High
Fresno County	\$250	
Yolo County	\$562	
Stanislaus County current fee (1)	\$703	
Madera County	\$729	\$1,963
Riverside County	\$970	\$1,610
Merced County	\$1,409	
El Dorado County	\$1,620	\$2,030
Shasta County	\$1,886	
Stanislaus County proposed fee	\$2,012	\$2,756
Alameda County	\$2,050	
San Joaquin County	\$2,353	\$9,936
Placer County	\$2,868	\$9,659
San Bernardino County	\$3,080	

REGIONAL COMPETITIVENESS COMPARATIVE ANALYSIS



100,000 sq ft Warehouse (Zone 1)	Stanislaus County and Modesto Sphere	Merced County and Merced Sphere	San Joaquin County and Stockton Sphere (2)	Fresno County and City of Fresno Sphere	San Bernardino County and Victorville Sphere
Proposed County impact fee	\$152,247	\$140,900	\$212,400 or \$970,659	\$29,200	\$90,000
City fees	\$288,000	\$381,200	\$0	\$0	\$0
All other fees and charges	\$199,780	\$771,104	\$173,643	\$93,164	\$193,144
Total fees and charges	\$640,027	\$1,293,204	\$386,043 - \$1,144,302	\$122,364	\$283,144
Total fees/sq ft	\$6.40	\$12.93	\$3.86- \$11.44	\$1.22	\$2.83

(2) San Joaquin County Habitat Conservation Fee varies based on zones. Some zones pay no fee.

**Stanislaus County's impact fee
per 100,000 square feet of
warehouse facility.**

NOTE:
Comparative based upon
County and major city sphere scenarios:
San Joaquin/Merced/Fresno/San Bernardino

REGIONAL COMPETITIVENESS COMPARATIVE ANALYSIS



**Stanislaus County's impact fee
per thousand square feet of
manufacturing facility.**

A Comparative with cities within
Stanislaus County

LOW

HIGH

Jurisdiction	Low	High
City of Patterson	\$350	\$15,130
Stanislaus County current fee (1)	\$703	
Stanislaus County proposed fee	\$2,012	\$2,756
City of Waterford	\$3,183	\$4,683
City of Newman	\$3,481	
City of Modesto	\$4,438	
City of Oakdale	\$4,750	\$5,498
City of Stockton	\$5,483	\$14,140
City of Merced	\$5,691	
City of Riverbank	\$7,410	
City of Ceres	\$7,432	\$8,128
City of Hughson	\$12,514	
City of Turlock	\$32,782	\$34,774

(1) 1st 20,000 sq ft assessed at \$3,515 per thousand square feet; \$703 per thousand sq ft thereafter.

PROGRAM GOING FORWARD

TIME LINE / NEXT STEPS



- Comments received from the Public Hearing today will be Considered in developing a final draft of the Public Facilities Impact Fee Study;
- The Final Draft will be made available to all interested parties over the County website;
- Upon the adoption of the 2009 Capital Improvement Program, County staff will schedule another Public Hearing and return the PFF Study (consistent with the CIP) to the Board of Supervisors for Consideration.



Stanislaus County Public Facilities Impact Fee Program Update 2009

Public Hearing
to Discuss Proposed Program Revisions

June 30, 2009



2009 COMPREHENSIVE UPDATE

FEE CALCULATION METHODOLOGIES

Existing Inventory Method

$$\frac{\text{Current Value of Existing Facilities}}{\text{Existing Development Demand (population)}} = \text{\$/unit of demand [per capita cost]}$$



2009 COMPREHENSIVE UPDATE

FEE CALCULATION METHODOLOGIES

Planned Facilities Method

$$\frac{\text{Cost of Planned Facilities [road projects]}}{\text{New Development Demand (new population)}} = \text{\$/unit of demand [per capita cost]}$$



2009 COMPREHENSIVE UPDATE

FEE CALCULATION METHODOLOGIES

System Plan Method

$$\frac{\text{Value of Existing Facilities} + \text{Cost of Planned Facilities}}{\text{Existing} + \text{New Development Demand} \text{ (existing and new population)}} = \text{\$/unit of demand}^* \text{ [per capita cost]}$$

* Existing development demand (current population) is a deficiency that will need to be funded by sources other than the fee program