

CITY OF TWENTYNINE PALMS

TRANSPORTATION IMPACT FEE STUDY

PUBLIC REVIEW DRAFT

MARCH 25, 2022



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Executive Summary

This report summarizes an analysis of the need for transportation facilities to support future development within the City of Twentynine Palms as growth occurs. It is the City's intent that the costs representing future development's share of these facilities and improvements be imposed on that development in the form of a development impact fee.

Background and Study Objectives

The primary policy objective of this transportation impact fee program is to ensure that new development pays the capital costs associated with growth. The primary purpose of this report is to calculate and present fees that will enable the City to expand its inventory of transportation facilities – and therefore maintain its facilities standards – as new development creates more demand for transportation facilities.

The City will transportation impact fees Citywide under the 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 schedule contained herein.

Use of Fee Revenues

Impact fee revenue must be spent on new facilities or the expansion of current facilities to serve new development. The share of specific facilities intended to be funded by this fee are detailed within this report.

Methodology Used in This Study

The impact fees calculated in this study use a *planned facilities* approach to allocate costs to new development. This approach identifies the share of planned facilities needed to serve new development, and then allocates the associated costs of facilities to new development through the impact fee.

Fee Schedule

Table E.1 summarizes the schedule of maximum justified transportation impact fees based on the analysis contained in this report.

Table E.1. Maximum Justified Transportation Impact Fee Schedule

| Land Use | A | B | C = A x B | D = C x 0.02 | E = C + D | E / 1,000 |
|---|---------------|--------------------|-----------------------|------------------------------|------------------------|-----------------|
| | Cost Per Trip | Trip Demand Factor | Base Fee ¹ | Admin Charge ^{1, 2} | Total Fee ¹ | Fee per Sq. Ft. |
| <i>Residential - per Dwelling Unit</i> | | | | | | |
| Single Family | \$ 4,978 | 1.10 | \$ 5,476 | \$ 110 | \$ 5,586 | |
| Multifamily | 4,978 | 0.63 | 3,136 | 63 | 3,199 | |
| <i>Nonresidential - per 1,000 Sq. Ft.</i> | | | | | | |
| Commercial | \$ 4,978 | 1.68 | \$ 8,363 | \$ 167 | \$ 8,530 | \$ 8.53 |
| Office | 4,978 | 1.76 | 8,761 | 175 | 8,936 | 8.94 |
| Industrial | 4,978 | 1.02 | 5,078 | 102 | 5,180 | 5.18 |

¹ Fee per 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.

Sources: Tables 2 and 6.

1. Introduction

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

- Study Objectives;
- Study Methodology;
- Fee Program Maintenance; and
- Organization of the Report.

Study Objectives

The primary policy objective of a traffic 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 transportation impact fees that will enable the City to expand its inventory of transportation facilities – and therefore maintain its facilities standards – as new development leads to increases in service demands.

The City imposes impact 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.

The City of Twentynine Palms is forecast to experience substantial growth through the planning horizon of 2040. This growth will create an increase in demand for public services and the City facilities required to deliver them. Given the revenue challenges that are common to most cities and counties in California, the City has decided to use a development impact fee program to ensure that new development funds the share of transportation facility costs associated with growth. This report makes use of the most current available growth forecasts and facility plans to establish a transportation impact fee program that funds new development's share of the transportation facilities demanded by that development.

Study Methodology

Traffic impact fees are calculated to fund the cost of transportation facilities required to accommodate growth. The five steps followed in a public facilities 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 transportation 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 and their costs:** Estimate the total amount and cost of planned facilities, and identify the share required to accommodate new development;
4. **Identify alternative funding requirements:** Determine if any non-fee funding is required and/or available to complete projects; and,
5. **Calculate fee schedule:** Allocate facilities costs per unit of new development to calculate the public facilities fee schedule.

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*, *design standards* and *cost standards*. *Demand standards* determine the amount of facilities required to accommodate growth. In this case, the impact fee seeks to maintain a specific level of service on its roadways. *Design standards* determine how a facility should be designed to meet expected demand, and directly related to the costs of planned facilities. The projects included in the transportation impact fee have all been designed to meet state and City engineering standards. Finally, *cost standards* are a method for determining the amount of facilities required to accommodate growth based on facility costs per unit of demand.

The transportation impact fee analysis contained in this report converts project costs to serve growth (identified by *demand* and *design standards*), into a *cost standard* (cost per trip from new development), which is then used as the basis of the fee. A fee for a particular land use is equal to the cost per trip, multiplied by the trip generation rate (trip demand factor) for that land use.

New Development Facility Needs and Costs

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

There are three common methods for determining new development's fair share of planned facilities costs: the **existing inventory method**, the **system plan method**, and the **planned facilities 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 **existing inventory method** allocates costs based on the ratio of existing facilities to demand from existing development. Under this method new development funds the expansion of facilities at the same standard currently serving existing development. This method is not used in this study.

The **system plan 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. This method is useful when planned facilities need to be analyzed as part of a system that benefits both existing and new development. This method is not used in this study.

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

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

This method is appropriate when specific planned facilities can be identified that only benefit new development. Examples include street improvements to avoid deficient levels of service or a sewer trunk line extension to a previously undeveloped area. This method is also appropriate when to use in this analysis when a specific share of planned facilities that benefit new development can be identified. Under this method new development funds its fair share of the expansion of facilities needed to ensure that traffic operates at an acceptable level of service.

This method is used to calculate the transportation impact fees in this report.

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. Impact fee levels must be

adjusted frequently to account for inflation. Should the cost of facilities rise more quickly than the fee amounts collected, the facilities needed to serve new development will be underfunded. To avoid collecting inadequate revenue, costs for planned facilities must be updated periodically for inflation, and the fees recalculated to reflect the higher costs. The use of established construction cost indices, such as those published by the Engineering News Record, are necessary to accurately adjust the impact fees for inflation. For a list of recommended indices, and step-by-step instructions for adjusting fees for inflation, see Chapter 3.

While fee updates using inflation indices are appropriate for periodic updates to ensure that fee revenues keep up with increases in the costs of traffic 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 4.

Organization of the report

This report is organized as follows:

- Chapter 1, Introduction (this chapter): Summarizes facilities financing in California, and the general approach.
- Chapter 2, Transportation Impact Fee Analysis: Describes the technical analysis used to calculate the transportation impact fee and presents a fee schedule.
- Chapter 3, AB 602 Requirements: Describes how this nexus study complies with the requirements of AB 602.
- Chapter 4, Implementation: Provides guidelines for the implementation and ongoing maintenance of the public facilities fee program.
- Chapter 5, *Mitigation Fee Act* Findings: summarizes the five statutory findings required for adoption of the proposed fees in accordance with the *Mitigation Fee Act* (codified in *California Government Code* Sections 66000 through 66025).

2. Transportation Impact Fee Analysis

This chapter summarizes an analysis of the need for transportation facilities, including roadway and intersection improvements, to accommodate increased trip demand from new development. The chapter documents a reasonable relationship between new development and an impact fee for funding of these facilities.

Growth Projections

Growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This section explains the source for the growth projections used in this study based on a 2021 base year and a planning horizon of 2040.

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 2021 is used as an indicator of existing facility demand.
- The estimate of total development in 2040 is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2021 through 2040 are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

The demand for transportation facilities is based on the increase in trips generated by dwelling units or nonresidential development creating the need for the facilities.

Table 1 shows the estimated number of residents, dwelling units, employees, and building square feet within the City of Twentynine Palms, both in 2021 and at the planning horizon. The base year estimates of household residents and dwelling units comes from the California Department of Finance. The projection of residents and dwelling units is based data from the Southern California Association of Governments (SCAG) 2040 Regional Transportation Plan.

Base year employees were estimated based on the latest data from the US Census' OnTheMap application. The projection of employment is based on an increase of 30% compared to 2021 estimates. This projection is more conservative than the SCAG projection, as City staff felt the SCAG projection for employment in 2040 is too high.

Base year nonresidential square footage was estimated based converting the commercial, office and industrial employees to an equivalent amount of building space using employment density assumptions. This conversion assumes 2.12 employees per 1,000 square feet of commercial space, 3.26 workers per 1,000 square feet of office space and 1.16 employee per 1,000 square feet of industrial space, derived from the most recent Institute of Traffic Engineers (ITE) Trip Generation Manual data.

Table 1: Land Use Scenario

| | 2021 | 2040 | Increase |
|---|--------|--------|----------|
| Residents ¹ | 24,402 | 37,300 | 12,898 |
| Dwelling Units ² | | | |
| Single Family | 6,617 | 7,782 | 1,165 |
| Multifamily | 3,076 | 3,618 | 542 |
| Total | 9,693 | 11,400 | 1,707 |
| Employment ³ | | | |
| Commercial | 1,788 | 2,324 | 536 |
| Office | 673 | 875 | 202 |
| Industrial | 182 | 237 | 55 |
| Total | 2,643 | 3,436 | 793 |
| Equivalent Building Square Feet (1,000s) ⁴ | | | |
| Commercial | 842 | 1,094 | 252 |
| Office | 207 | 269 | 62 |
| Industrial | 157 | 205 | 47 |
| Total | 1,205 | 1,567 | 362 |

¹ Current household population from California Department of Finance (DOF). Projection based on SCAG

² Current values from DOF. Increase in dwelling units based on SCAG growth projection, allocated to single family and multifamily based on current proportions.

³ Base year from US Census OnTheMap Application and excludes local government workers. Totals in 2040 based on an assumption of an increase of 30%.

⁴ Equivalent building square feet calculated based on the assumption of 2.12 commercial workers per 1,000 square feet, 3.26 office workers per 1,000 square feet and 1.16 workers per 1,000 industrial square feet based on ITE data.

Sources: California Department of Finance (DOF), Table E-5, 2021; SCAG 2016-2040 RTP/SCS Final Growth Forecast by Jurisdiction; U.S. Census Bureau, OnTheMap Application, <http://onthemap.ces.census.gov>; ITE Trip Generation Manual, 11th Ed.; Willdan Financial Services.

Trip Demand

The need for transportation improvements is based on the trip demand placed on the system by development. A reasonable measure of demand is the number of PM peak hour 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 trip adjustments made to trip generation rates to calculate trip demand are described below:

- Pass-by trips are deducted from the trip generation rate. Pass-by trips are intermediates stops between an origin and a 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 2 shows the calculation of trip demand factors by land use category based on the adjustments described above. PM peak hour trip rates are based on the latest data available from the Institute of Traffic Engineers (ITE).

The trip purpose and trip length assumptions in Table 2 are based on extensive and detailed trip surveys conducted in the San Diego region by the San Diego Association of Governments (SANDAG). The SANDAG is used to supplement the ITE PM peak hour trip rates, because the SANDAG surveys provide one of the most comprehensive databases available of pass-by trips factors for a wide range of land uses. It should be noted that the projections of current and future trip demand generation in this report are based on data specific to the City.

Table 2: Trip Demand Factors

| | Pass-by Trips ¹ | Primary and Diverted Trips | Average Trip Length ² | Adjustment Factor ³ | ITE Category | PM Peak Hour Trips ⁴ | Trip Demand Factor ⁵ |
|---|----------------------------|----------------------------|----------------------------------|--------------------------------|--------------------------------------|---------------------------------|---------------------------------|
| | A | B = 1 - A | C | $D = B \times C / \text{Avg.}$ | | E | $F = D \times E$ |
| <i>Residential - per Dwelling Unit</i> | | | | | | | |
| Single Family | 3% | 97% | 7.9 | 1.11 | Single Family Housing (210) | 0.99 | 1.10 |
| Multifamily | 3% | 97% | 7.9 | 1.11 | Multifamily Housing (Low-Rise) (220) | 0.57 | 0.63 |
| <i>Nonresidential - per 1,000 Sq. Ft.</i> | | | | | | | |
| Commercial | 22% | 78% | 3.6 | 0.41 | Shopping Center (820) | 4.09 | 1.68 |
| Office | 4% | 96% | 8.8 | 1.22 | General Office (710) | 1.44 | 1.76 |
| Industrial | 2% | 98% | 9.0 | 1.28 | General Light Industrial (110) | 0.80 | 1.02 |

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.

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: Institute of Traffic Engineers, Trip Generation Manual, 11th Edition; SANDAG; Willdan Financial Services.

Growth in Trip Demand

Table 3 estimates trip demand in 2021 and 2040. The trip demand factors from Table 2 are multiplied by estimates of existing and future development to determine existing and future demand for transportation facilities.

Table 3: Land Use Scenario and Trip Generation

| Land Use | Trip Demand Factor | 2021 | | Growth 2021 to 2040 | | Total - 2040 | |
|---|--------------------|------------------|--------|---------------------|-------|------------------|--------|
| | | Units / 1,000 SF | Trips | Units / 1,000 SF | Trips | Units / 1,000 SF | Trips |
| <i>Residential - per Dwelling Unit</i> | | | | | | | |
| Single Family | 1.10 | 6,617 | 7,279 | 1,165 | 1,281 | 7,782 | 8,560 |
| Multifamily | 0.63 | 3,076 | 1,938 | 542 | 341 | 3,618 | 2,279 |
| Subtotal | | 9,693 | 9,217 | 1,707 | 1,622 | 11,400 | 10,839 |
| <i>Nonresidential - per 1,000 Sq. Ft.</i> | | | | | | | |
| Commercial | 1.68 | 842 | 1,414 | 252 | 424 | 1,094 | 1,838 |
| Office | 1.76 | 207 | 364 | 62 | 109 | 269 | 473 |
| Industrial | 1.02 | 157 | 160 | 47 | 49 | 205 | 209 |
| Subtotal | | 1,205 | 1,938 | 362 | 582 | 1,567 | 2,520 |
| Total | | | 11,155 | | 2,204 | | 13,359 |
| | | | 83.5% | | 16.5% | | 100% |

Sources: Tables 1 and 2.

Cost Allocation to New Development

Table 4 displays the capacity expanding project list and associated cost estimates needed to serve the City through 2040. The projects were identified in the General Plan. City staff estimated the costs of the projects. Note that not all General Plan projects were included in the project list. City staff identified a subset of General Plan projects that are needed through 2040 to accommodate growth within the City within the planning horizon.

Table 5 allocates the total project costs from Table 4 to new development. Based on the estimates of trip demand from Table 3, new development will represent 16.5% of total trips in 2040. Since the projects identified in the General Plan will serve both existing and new development, new development is being asked to fund its share of the project costs corresponding with its share of trip generation in 2040. In total, approximately \$11 million of transportation project costs are allocated to new development through this impact fee.

Table 4: Project Costs

| Street | Boundaries | Length | Existing Pavement Width | Future Width | Roadway Area ¹ | Sidewalk Area ² | Units | Paving Cost ³ | Roadway Cost ³ | Curb and Gutter Unit Cost ⁴ | Curb and Gutter Cost ⁴ | Sidewalk Unit Cost ⁵ | Sidewalk Cost ⁵ | Total |
|---------------------------|------------------------------------|---------|-------------------------|--------------|---------------------------|----------------------------|---------|--------------------------|---------------------------|--|-----------------------------------|---------------------------------|----------------------------|---------------|
| <i>Road Segments</i> | | | | | | | | | | | | | | |
| Adobe Road | Homestead Avenue to Amboy Road | 4,852 | - | - | - | 77,632 | Sq. ft. | \$ 14 | \$ - | \$ 50 | 485,200 | \$ 10 | 776,320 | \$ 1,261,520 |
| Adobe Road east side only | Amboy Road to Marine Corps Base | 13,273 | - | - | - | 106,184 | Sq. ft. | 14 | - | 50 | 663,650 | 10 | 1,061,840 | 1,725,490 |
| Lear Avenue | SR 62 to Two Mile Road | 5,280 | 36 | 64 | 147,840 | 84,480 | Sq. ft. | 14 | 2,069,760 | 50 | - | 10 | - | 2,069,760 |
| Encelia Avenue | SR 62 to Samarkand Road | 7,858 | 36 | 44 | 345,752 | 125,728 | Sq. ft. | 14 | 4,840,528 | 50 | 785,800 | 10 | 1,257,280 | 6,883,608 |
| Encelia Avenue | Samarkand to Amboy Road | 2,670 | - | 26 | 69,420 | - | Sq. ft. | 14 | 971,880 | 50 | - | 10 | - | 971,880 |
| Mesquite Springs Road | SR 62 to Two Mile Road | 5,280 | 40 | 80 | 422,400 | 84,480 | Sq. ft. | 14 | 5,913,600 | 50 | 528,000 | 10 | 844,800 | 7,286,400 |
| Amboy Road | Encelia Avenue to Adobe Road | 13,387 | - | 26 | 348,062 | - | Sq. ft. | 14 | 4,872,868 | 50 | - | 10 | - | 4,872,868 |
| Two Mile Road | Lear Avenue to Sunrise | 13,206 | 26 | 64 | 845,184 | 211,296 | Sq. ft. | 14 | 11,832,576 | 50 | - | 10 | - | 11,832,576 |
| Two Mile Road | Sunrise Ave to Adobe Road | 15,995 | 40 | 64 | 1,023,680 | 255,920 | Sq. ft. | 14 | 14,331,520 | 50 | - | 10 | - | 14,331,520 |
| Hatch Road | SR 62 to Stardune Avenue | 5,309 | 24 | 64 | 339,776 | 84,944 | Sq. ft. | 14 | 4,756,864 | 50 | 530,900 | 10 | 849,440 | 6,137,204 |
| SR 62 | Larrea Avenue to Split Rock Avenue | 8,484 | - | - | - | 135,744 | Sq. ft. | 14 | - | 50 | 848,400 | 10 | 1,357,440 | 2,205,840 |
| Sullivan Road | Stardune Avenue to Adobe Road | 5,982 | 24 | 64 | 382,848 | 95,712 | Sq. ft. | 14 | 5,359,872 | 50 | 598,200 | 10 | 957,120 | 6,915,192 |
| Subtotal | | 101,576 | | | 3,924,962 | 1,262,120 | | | \$54,949,468 | | \$4,440,150 | | \$ 7,104,240 | \$ 66,493,858 |

¹ Ultimate width includes 12' wide travel lane and minimum 8' wide parking lanes widths. New roads exclude parkway lane, curb and gutter and sidewalk

² Assumes streets have 8' sidewalks on both sides of the street.

³ Unit cost of \$14 per square foot for paving includes 5" asphalt concrete paving over 10" Class II Aggregate Base for collector streets.

⁴ Assumes \$50 cost per linear foot for one side of the street.

⁵ Assumes \$10 cost per sidewalk square foot.

Source: City of Twentynine Palms.

Table 5: Cost Allocation to New Development

| Street | Boundaries | Total Cost | Allocation to New Development | Cost Allocated to New Development |
|---------------------------|------------------------------------|-------------------|--------------------------------------|--|
| <i>Road Segments</i> | | | | |
| Adobe Road | Homestead Avenue to Amboy Road | \$ 1,261,520 | 16.5% | \$ 208,151 |
| Adobe Road east side only | Amboy Road to Marine Corps Base | 1,725,490 | 16.5% | 284,706 |
| Lear Avenue | SR 62 to Two Mile Road | 2,069,760 | 16.5% | 341,510 |
| Encelia Avenue | SR 62 to Samarkand Road | 6,883,608 | 16.5% | 1,135,795 |
| Encelia Avenue | Samarkand to Amboy Road | 971,880 | 16.5% | 160,360 |
| Mesquite Springs Road | SR 62 to Two Mile Road | 7,286,400 | 16.5% | 1,202,256 |
| Amboy Road | Encelia Avenue to Adobe Road | 4,872,868 | 16.5% | 804,023 |
| Two Mile Road | Lear Avenue to Sunrise | 11,832,576 | 16.5% | 1,952,375 |
| Two Mile Road | Sunrise Ave to Adobe Road | 14,331,520 | 16.5% | 2,364,701 |
| Hatch Road | SR 62 to Stardune Avenue | 6,137,204 | 16.5% | 1,012,639 |
| SR 62 | Larrea Avenue to Split Rock Avenue | 2,205,840 | 16.5% | 363,964 |
| Sullivan Road | Stardune Avenue to Adobe Road | 6,915,192 | 16.5% | 1,141,007 |
| Subtotal | | \$ 66,493,858 | | \$ 10,971,487 |

Sources: Tables 3 and 4.

Cost per Trip

Every impact fee consists of the cost of projects that can be funded by a fee, 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 (fee per dwelling unit) and nonresidential building space (fee per 1,000 building square feet) by multiplying the cost per trip by the trip demand factor for each land use category. These amounts become the fee schedule.

Table 6 calculates the cost per trip demand unit by dividing the total project costs attributable to new development summarized in Table 5, by the total growth in trips estimated in Table 3.

Table 6: Cost per Trip

| | |
|-----------------------|---------------|
| Project Costs | \$ 10,971,487 |
| Growth in Trip Demand | 2,204 |
| Cost per Trip | \$ 4,978 |

Sources: Tables 3 and 5.

Maximum Justified Impact Fee Schedule

Table 7 presents the maximum justified transportation impact fee schedule. The cost per trip is multiplied by the trip demand factor for each land use to determine the fee per dwelling unit or per 1,000 square feet of nonresidential building space.

Table 7: Maximum Justified Impact Fee Schedule

| Land Use | A | B | C = A x B | D = C x 0.02 | E = C + D | E / 1,000 |
|---|---------------|--------------------|-----------------------|------------------------------|------------------------|-----------------|
| | Cost Per Trip | Trip Demand Factor | Base Fee ¹ | Admin Charge ^{1, 2} | Total Fee ¹ | Fee per Sq. Ft. |
| <i>Residential - per Dwelling Unit</i> | | | | | | |
| Single Family | \$ 4,978 | 1.10 | \$ 5,476 | \$ 110 | \$ 5,586 | |
| Multifamily | 4,978 | 0.63 | 3,136 | 63 | 3,199 | |
| <i>Nonresidential - per 1,000 Sq. Ft.</i> | | | | | | |
| Commercial | \$ 4,978 | 1.68 | \$ 8,363 | \$ 167 | \$ 8,530 | \$ 8.53 |
| Office | 4,978 | 1.76 | 8,761 | 175 | 8,936 | 8.94 |
| Industrial | 4,978 | 1.02 | 5,078 | 102 | 5,180 | 5.18 |

¹ Fee per 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.

Sources: Tables 2 and 6.

3. 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

Fees calculated in this report are intended to provide a funding source from new development to fund new development's fair share of the transportation improvements identified in Table 4. By paving unpaved roads, the planned improvements increase street capacity and therefore level of service by providing additional paved lanes, curb and gutters along the identified segments. This increased level of service is necessary to accommodate growth by allowing increased vehicle speeds, better air quality, reduced noise, and improved community aesthetics. The planned improvements are identified by City staff as necessary to accommodate new development. New development will not fund the entirety of the increase in level of service, rather, it will pay a share corresponding with its share of trip demand within the planning horizon.

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

This study is establishing a new impact fee to fund transportation facilities. Consequently, there are no original 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 listed in Table 4. Adoption of this nexus study would approve the planned facilities identified herein as the Capital Improvement Plan for this nexus study.

4. Implementation

Impact Fee Program Adoption Process

Impact fee program adoption procedures are found in the *California Government Code* section 66016. Adoption of an impact fee program requires the Board of Supervisors to follow certain procedures including holding a public meeting. Data, such as an impact fee report, must be adopted prior to adopting the fee program. The study must be made available at least 30 days prior to the public hearing. The City's legal counsel should be consulted for any other procedural requirements as well as advice regarding adoption of an enabling ordinance and/or a resolution. After adoption there is a mandatory 60-day waiting period before the fees go into effect.

Inflation Adjustment

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

There are no inflation indices that are specific to the City of Twentynine Palms. We recommend that the Engineering News Record's Construction Cost Index be used for adjusting fees for inflation.

While fee updates using inflation indices are appropriate for annual updates to ensure that fee revenues keep up with increases in the costs of infrastructure, the City will also need to conduct more extensive updates of the fee documentation and calculation when significant new data on growth forecasts and/or facility plans become available. Note that decreases in index value will result in decreases to fee amounts.

The steps necessary to update fees for inflation are explained below:

To update the transportation impact fee for inflation, the steps are as follows:

1. Identify the percent change in planned facilities cost since last update based on changes in the Engineering News Record's Construction Cost Index (CCI).
2. Modify the cost each planned facility (the cost allocated to the transportation impact fee in Table 3) by the percent change identified in Step 1.
3. Divide the total cost of projects allocated to the fee calculated in Step 2, by the growth in trips identified in Table 2 to determine the updated cost per trip.
4. Multiply the cost per trip calculated in Step 3 by the trip demand factors identified in Table 1 to determine the fee for each land use.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of the *Mitigation Fee Act* found in Government Code Sections 66001 and 66006. For facilities to be funded by a combination of public fees and other revenues, identification of the source and amount of these non-fee revenues is essential. Identification of the timing of receipt of other revenues to fund the facilities is also important.

Programming Revenues and Projects with the CIP

The City can use a Capital Improvements Program (CIP) to plan for future infrastructure needs. A 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 needed to mitigate demand from 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.

DRAFT

5. Mitigation Fee Act Findings

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

The five statutory findings required for adoption of the maximum justified transportation impact fees documented in this report are presented in this chapter and supported in detail by the report that follows. All statutory references are to the *Act*.

Purpose of Fee

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

Development impact fees are designed to ensure that new development will not burden the existing service population with the cost of facilities required to accommodate growth. The City's General Plan Goal LU-4 states, "Adequately address the potential impacts of new development on the existing community and the City's infrastructure system." The purpose of the fees documented in this report is to support this goal by providing a funding source from new development for to fund its fair share of transportation facilities as new development adds traffic to the City's roadways.

Use of Fee Revenues

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

Fees proposed in this report, if enacted by the City, would be used to fund expanded transportation facilities to serve new development. Facilities funded by these fees are designated to be located within the City.

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).*

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

Burden Relationship

- ♦ *Determine the reasonable relationship between the need for the public facilities and*

the types of development on which the fees are imposed (§66001(a)(4) of the Act).

Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the transportation impact fee, demand is measured by a single facility standard that can be applied across land use types to ensure a reasonable relationship to the type of development. In this case, the fees are calculated to ensure that new development funds a consistent cost per trip of new facilities needed to serve each additional trip using the City's roadways.

Proportionality

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

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated new development growth the project will accommodate. Fees for a specific project are based on the project's size and the corresponding increase in the number of vehicle trips. Larger new development projects result in higher trip generation 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 the *Trip Demand* section in Chapter 2 for a description of how trip demand factors are determined for different types of land uses. See the *Maximum Justified Fee Schedule* section the same chapter for a presentation of the fees.