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# CITY OF POMONA

## COUNCIL REPORT

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April 19, 2021

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted By: Anita D. Gutierrez, Development Services Director

**SUBJECT: DISCUSSION ON DEVELOPMENT IMPACT FEES**

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### **RECOMMENDATION:**

It is recommended that the City Council review the Development Impact Fee (DIF) Report prepared by Willdan Financial Services and the Keyser Marston Associates, Inc. Market Impact Analysis Memorandum and provide direction to staff on any recommended increases to DIF rates and further direct staff to prepare an ordinance for fee adoption.

### **EXECUTIVE SUMMARY:**

The City Council requested the feasibility of increasing DIF rates be analyzed as part of the City Council Priorities and Goals established in April 2019. Willdan Financial Services (Willdan) was selected as the consultant to prepare this analysis. Willdan analyzed six (6) of the City's DIF's and produced a report (Attachment No. 1) indicating a reasonable nexus exists to increase those fees based on the City's need to support future development through 2040. The report outlines the maximum justified impact fees the City could adopt in each fee category. Additionally, Keyser Marston Associates, Inc. (KMA) conducted a market analysis (Attachment No. 2) to identify the maximum fee threshold that Pomona's development market could bear given the City's land values and overall market ceilings for sales, or leasing costs per home. The KMA study recommends Pomona's development impact fees not exceed 4% of market value. Currently the City's development impact fees represent approximately 3.2% of market value.

### **FISCAL IMPACT:**

For demonstrative purposes, the example of a new 1000-1499 square foot unit will be used to compare several fee scenarios. For a new 1000-1499 square foot unit under current fee rates the DIF would equal \$11,996. Using the Willdan Fee study results the maximum amount that could be charged based on the study, using a 1000-1499 square unit would total \$28,828. In addition to the Willdan study, KMA analyzed the Willdan Study to identify a perspective of the fees that could be supported by resident development on a feasible basis. The maximum Willdan Study

recommended DIF amount when compared to the estimated market value per unit for the City of Pomona (using a median sales price of \$370,800) would equate to 7.8%.

The City of Pomona's current DIF using the \$11,966 amount represents 3.2% of market value. It has been recommended by KMA that the City should try to maintain fees in the market value range of 2.5% to 4%. With the current fees already at 3.2% there is not much room to increase the fees more than 0.8% based on KMAs recommendation. Furthermore, the Water/Sewer/Storm Drain fees although recommended to be reduced overall from the current DIF structure, must not be below the maximum amount recommended by Willdan or the General Fund and other operating funds could potentially need to make up the difference.

The 4% market value for all the DIFs would equal approximately \$14,832 for a 1000-1499 square unit and of that \$8,984 needs to remain as proposed for the three (3) DIFs for Water and Sewer Fees. This leaves \$5,848 to be proportionally divided using the Willdan recommended amounts for the four (4) DIFs of Roadways & Highways, Traffic Signal & Control Device, Public Safety and Park and Recreation Improvement Fees, this assumes all fees are updated.

Table 1 below, displays five scenarios with varying fiscal impact, the first column is the current DIF amounts (3.2% market value), the second column is the maximum recommendation from Willdan based on a study of all the DIFs (7.8% market value), the third column (Option 1) is a combination of the Willdan fees recommended for Water, Sewer and Storm Drain and a display of the remaining DIF using a proportional division with the 4% market value, the fourth column (Option 2) is a combination of the Willdan fees recommended for Water, Sewer and Storm Drain and a display of the remaining DIF using a proportional division with the 5% market value and the fifth column (Option 3) is a combination of the Willdan fees recommended for Water and Sewer and the maximum recommended Parks and Recreation Improvement fee, with only a small increase to Roads and Highways and Traffic Signal Control Devices and no increase to the Public Safety Improvement Fee.

**Table 1: Fee Scenarios**

			Option 1	Option 2	Option 3
Development Impact Fees (DIF)	Current Fees Per Resolution 89-200	Maximum Fee Per Willdan Study	Using 4% Value	Using 5% Value	Using 5% Value
Roadways and Highway Fees	\$50	\$6,807	\$2,006	\$3,278	\$640
Traffic Signal and Control Device	\$50	\$592	\$174	\$285	\$640
Public Safety Improvement Fee	\$350	\$3,972	\$1,171	\$1,913	\$350
Park and Recreation Improvement Fee	\$675	\$8,473	\$2,497	\$4,080	\$8,473
<b>Total 4 DIF Fees</b>	<b>\$1,125</b>	<b>\$19,844</b>	<b>\$5,848</b>	<b>\$9,556</b>	<b>\$10,103</b>
DIF Water/Sewer/Storm Drain Fees	Current Fees Per Resolution 88-122 & 2006- 166	Maximum Fee Per Willdan Study	Maximum Fee Per Willdan Study	Maximum Fee Per Willdan Study	Maximum Fee Per Willdan Study
Storm Drain	\$0	\$45	\$45	\$45	\$0
Water Connection	\$7,841	\$4,216	\$4,216	\$4,216	\$4,216
Recycled water	\$0	\$502	\$502	\$502	\$0
Sewer Connection	\$3,000	\$4,221	\$4,221	\$4,221	\$4,221
<b>Total 4 DIF Water/Sewer/Storm Drain Fees</b>	<b>\$10,841</b>	<b>\$8,984</b>	<b>\$8,984</b>	<b>\$8,984</b>	<b>\$8,437</b>
<b>Combined DIF Fees</b>	<b>\$11,966</b>	<b>\$28,828</b>	<b>\$14,832</b>	<b>\$18,540</b>	<b>\$18,540</b>
<b>Impact Fee as % of Value</b>	<b>3.20%</b>	<b>7.80%</b>	<b>4.00% <sup>(2)</sup></b>	<b>5.00% <sup>(3)</sup></b>	<b>5.00% <sup>(4)</sup></b>
<sup>(1)</sup> Based on a 1,000 - 1,499 square foot unit in a Residential Development					
<sup>(2)</sup> 4% in total of Market Value; Combined DIF fees includes only an adjustment to the 4 DIF Fees; Water/Sewer/Storm Drain remain at maximum level					
<sup>(3)</sup> 5% in total of Market Value; Combined DIF fees includes only an adjustment to the 4 DIF Fees; Water/Sewer/Storm Drain remain at maximum level					
<sup>(4)</sup> 5% in total of Market Value; Combined DIF fees includes only an adjustment to the Parks DIF Fee; Water and Sewer remain at maximum level. Storm Drain and Recycled Water not included.					

## PREVIOUS RELATED ACTION:

The City Council requested the feasibility of increasing DIF rates be analyzed as part of the City Council Priorities and Goals established in April 2019. On October 3, 2019, a Request for Proposal (RFP) “Master Fee Schedule & Development Impact Fee Study RFP” (RFP #2019-27) was issued on the City’s electronic bidding platform. After concluding the RFP process, on June 15, 2020 the City Council authorized the execution of a contract to Willdan for the development of a citywide master fee schedule and to conduct a Development Impact Fee study in an amount not to exceed \$88,980.

## DISCUSSION:

### Preface:

Local governments levy fees and exactions to help fund the expansion of infrastructure needed to support new housing. These charges support important local services, such as school, parks, and transportation infrastructure, which many California jurisdictions are struggling to fund. State-imposed policies that restrict local taxes, such as Proposition 13, leave municipalities with limited

means of raising revenue for infrastructure. As a result, California jurisdictions have increasingly relied on development fees. While fees offer a flexible way to finance necessary infrastructure, overly burdensome fee programs can limit growth by impeding or disincentivizing new residential development, facilitate exclusion, and increase housing costs across the state. It is important to balance any new or increased fees with long-term development goals.

The City of Pomona currently has seven DIF's in place, the first four (4) fall under the provisions of the Mitigation Fee Act. A description of each of the City's DIF's and most recent adoption date is provided below:

1. Traffic and Signal Control Device Fee – To provide for the construction or reimbursement for construction of traffic signals and control devices or to reimburse the City of Pomona for the cost to design and construct such facilities which are required due to the expansion of development and increased populations in the City, which yield as a byproduct increased vehicular movement. Established August 14, 1989 by Resolution 89-200, there has been no update to the fee rate since adoption.
2. Road and Highway Fee – To provide for the construction or reimbursement for construction of road improvements, streetscape and street lights which are required due to expansion of development and increased populations in the City, which yield as a byproduct increased vehicular movement. Established August 14, 1989 by Resolution 89-200, there has been no update to the fee rate since adoption.
3. Public Safety Improvement Fee – To provide for the construction or reimbursement for construction of public safety improvements which are required due to expansion of development and populations in the City, which yield as a byproduct increased vehicular movement and environmental impacts requiring more public safety facilities. Established August 14, 1989 by Resolution 89-200, there has been no update to the fee rate since adoption.
4. Park and Recreation Improvement Fee – To provide for the development, expansion or improvement of park and recreation facilities which are required due to expansion of development and increased populations in the City, which yield as a byproduct a need for expanded park and recreation areas and facilities. Established August 14, 1989 by Resolution 89-200, there has been no update to the fee rate since adoption.
5. Sewer Connection Fee – To provide for funds to cover costs of adding new sewer connections due to new construction. Established June 20, 1988 by Resolution 88-122 and was last adjusted for inflation per Consumer Price Index (CPI) in July 2018.
6. Water Connection Fee – To provide for funds to cover costs of adding new water connections due to new construction. Last established March 19, 2012 by Ordinance 4154 and Resolution 2006-166, it was adjusted CPI in January 2021.
7. Art in Public Places Program Fee – To provide for public art projects on both private and public properties throughout the City needed as a result of development infringing on areas

where public art may be displayed and enjoyed. Established December 5, 2011 by Ordinance 4151 and Resolution 2011-145, there has been no update to the fee rate since adoption.

A summary of the current DIF's and their current rates are listed in Table 2 below:

**Table 2: Current Development Impact Fee**

Fee	Current Fee Amount
Traffic Signal and Control Device Fee	\$5.00 per trip
Road and Highway Fee	\$5.00 per trip
Public Safety Improvement Fee	\$0.25 per square foot for new construction
Park and Recreation Improvement Fee	\$675.00 per dwelling unit
Sewer Connection Fee	\$30.00 per foot, additional \$500 per acre in excess of 150 foot depth
Water Connection Fee	Calculated dependent on meter size
Art in Public Places Program	(1%) of the Building Valuation

In addition to the development impact fees that fall under the provisions of the Mitigation Fee Act. There are three other significant and unique fees that Pomona imposes on development projects that are worth noting as the totality of fees on development is relevant to the DIF discussion.

- Arts in Public Places Fee – 1% of building valuation for 10 units or more or a valuation over \$750,000.
- New Development Tax – This fee is assessed at 1% of valuation per single-family residential unit. An estimated building valuation of a 1,400 square foot single-family residential unit would be \$127,904, which would equate to a \$1,279.04 fee.
- Inclusionary Housing - The per unit inclusionary cost burden to a single-family residential unit would be estimated at the \$11.40 per square foot rate (using the 1,000 – 1,499 sq. ft. example). The fee range for this unit would be \$11,400 - \$17,089.

## **BACKGROUND:**

### **What is a Development Impact Fee?**

A Development Impact Fee is a one-time fee charged to new residential development that funds the cost of infrastructure and facilities associated with the impact of increased population. The California State Legislature passed Assembly Bill 1600 and enacted it as the Mitigation Fee Act in 1987, which stringently regulated impact fees. The Act defined impact fees as those imposed on projects to cover the costs of their impacts on public facilities, but excluded Quimby Act in-

lieu fees, fees covering the cost of processing applications, or those collected under development agreements. It must be reasonably related to the cost of the service provided by the local agency.

As it relates to park land specifically, there are two classes of development fees 1) Development Impact Fees under the Mitigation Fee Act as described above, may be collected to pay for park land (for projects not involving a subdivision), new community centers, recreation facilities, trails, open space, etc. and 2) Quimby Act fees collected under the Quimby Act which is authorized within the Subdivision Map Act, applies to residential subdivision projects only, and authorizes the city to require the dedication of land or to impose fees for park or recreational purposes as a condition of the approval of a tentative or parcel subdivision map, if specified requirements are met, these funds can be used to fund park improvements at existing parks as long as there is a finding that the improvement is to increase capacity of service.

### **The Requirements for adopting Development Impact Fees.**

Local jurisdictions assess impact fees according to the regulations set out in the Mitigation Fee Act and refined through case law. First, a city or county must select an impact fee as their instrument of choice to raise revenue. Pomona currently has seven (7) impact fees as described above. Once a city decides to establish a new fee or update a current one, a nexus study is conducted that quantifies the impact of new development on local infrastructure and determines its cost, the maximum legally defensible fee amount. A fee ordinance is then drafted, and must receive feedback via at least one public hearing before adoption (Gov. Code §66018). The jurisdiction may collect fees beginning 60 days after the passage of the ordinance, and must create separate funds to collect revenue from each impact fee. Furthermore, agencies must draft annual reports on the status of the funds, including descriptions of each fee and the balance and use of each fund (Gov. Code §66006(a)).

### **Willdan Financial Services (Willdan) Report**

Willdan prepared a report (Attachment 2) that analyzes the needs and costs associated with facility needs to support future development in the City of Pomona through 2040. There are substantial increases possible in each of the fee categories analyzed. In addition, at the request of the Water Department a new fee for Storm Drain Facilities was included in the analysis for the Council's consideration. Table E.1 below summarizes the potential fee increases. A full breakdown of each fee category methodology can be found in the attached report.

<b>E.1: Maximum Justified Development Impact Fee Schedule</b>									
<b>Land Use</b>	<b>Roadways<sup>1</sup></b>	<b>Traffic Signals<sup>1</sup></b>	<b>Public Safety</b>	<b>Parks<sup>2</sup></b>	<b>Storm Drain<sup>1</sup></b>	<b>Water</b>	<b>Recycled Water<sup>3</sup></b>	<b>Sewer</b>	<b>Total</b>
<i><u>Residential - per Dwelling Unit</u></i>									
Less than 500 square feet	\$ 6,807	\$ 592	\$ 2,284	\$ 4,873	\$ 45	\$ 2,424	\$ -	\$ 2,427	\$ 19,452
500 to 749 square feet	6,807	592	2,644	5,640	45	2,806	-	2,809	21,343
750 to 999 square feet	6,807	592	3,227	6,885	45	3,425	-	3,429	24,410
1,000 to 1,499 square feet	6,807	592	3,972	8,473	45	4,216	-	4,221	28,326
1,500 to 1,999 square feet	10,210	887	4,307	9,188	78	4,572	-	4,577	33,819
2,000 to 2,499 square feet	10,210	887	4,469	9,532	78	4,742	-	4,748	34,666
2,500 to 2,999 square feet	10,210	887	4,680	9,982	78	4,966	-	4,973	35,776
3,000 to 3,999 square feet	10,210	887	4,866	10,381	78	5,164	-	5,170	36,756
<i><u>Nonresidential - per 1,000 Square Feet or Hotel Room</u></i>									
Commercial	\$ 12,808	\$ 1,113	900	\$ -	\$ 146	\$ 2,424	\$ -	\$ 405	\$ 17,796
Office	16,302	1,416	1,142	1	172	2,806	-	1,758	23,597
Industrial	9,674	840	446	2	206	-	-	879	12,047
Institutional	5,195	451	243	3	89	-	-	3,253	9,234
Hotel Room	6,001	521	224	4	63	404	-	1,758	8,975

<sup>1</sup> Assumes that units 1,500 square feet and larger are single family units for the purpose of this fee schedule summary.  
<sup>2</sup> Mitigation Fee Act fee shown for infill development. Refer to Table 5.7 for Quimby Act fee schedule for subdivisions.  
<sup>3</sup> Charged on a case by case basis at \$2.05 per GPD.

## Revised Impact Fee Structure

In analyzing the DIF rates, a revised impact fee structure was used in an effort to create a more equitable fee system. Specifically, the change in structure was to move from our current flat, per-unit impact fee to one that is proportionate to the size of a home that relate to estimated service usage. In addition to being more equitable than a flat-rate system, this approach has the benefit of more precisely satisfying the proportionality requirements that require that exactions of this nature be tied to the expenses on which they are based.

## Calculating Impact Fees for Accessory Dwelling Units

The California State Legislature recently amended requirements on local agencies for the imposition of development impact fees on Accessory Dwelling Units (ADU's) with Assembly Bill AB 68 in 2020. The amendment to California Government Code §65852.2(f)(2) stipulates that local agencies may not impose any impact fees on ADU less than 750 square feet. ADU's greater than 750 square feet can be charged impact fees in proportion to the size of the primary dwelling unit. Pomona's current fee structure does not capture DIF on ADU's. In 2020, 56 of the 534 building permits issued were for ADU's and due to State legislation streamlining the permitting process for ADU's, it can be expected that this trend will continue at the current pace, if not accelerate. The City can adopt policy to impose fee on ADU's larger than 750 Square feet, the DIF can be charged as a percentage of the total single family DIF. The formula is:

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

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

### **Keyser Marston Associates (KMA) Memorandum**

In an effort to provide market context to the maximum justifiable DIF's suggested in the Willdan report, staff commissioned a report from KMA to assess the maximum fee Pomona's development market could withstand without causing a chilling effect on development. KMA'S memo notes *"It is important to understand that the maximum legally supported development impact fee derived from the Willdan nexus study may not represent financially feasible fee amounts. The nexus analysis should be coupled with financial feasibility tests to create a balance between the demonstrated needs and the amounts that can feasibly borne by development in Pomona."* KMA evaluated Willdan's maximum justified fee amount as a percentage of a project's total value, which equated to 7.8%, and then did a comparative analysis with three other cities located in Los Angeles County (Claremont, Pasadena and Glendale) that also have Inclusionary Housing programs. It was noted that this was an important feature of a consistent comparison since Inclusionary Housing requirements also impact the economic characteristics of residential development projects. This analysis found that the maximum fees supported by the Willdan nexus study are significantly higher than the impact fees charged in any of the other cities which were 2.3% of market value in Claremont, 4% in Pasadena and 3% in Glendale. KMA concluded their memo by recommending the Pomona's DIF's not be set any higher than 4% of market value, and likely should be set closer to 2.5%. This equates to a DIF of approximately \$9,300 to \$14,800 per unit (using a 1,400 square foot unit as an example). Pomona's DIF rates as currently adopted already represent approximately 3.2% of market value, which leaves less than a 1% margin for increase using KMA's maximum fee recommendation.

### **POINTS OF DISCUSSION FOR COUNCIL TO CONSIDER:**

The relationship among fees, housing prices, and affordability is complex and is unique to each local jurisdiction given the diversity of infrastructure needs, housing markets and specific local funding and development priorities. It is not uncommon for jurisdictions to set their DIF rates below the maximum justifiable amount in an effort to ease concerns about dampening housing development. This staff report was meant to summarize the major factors involved in making this decision. Below are some specific discussion points the Council may want to consider in having this discussion.

1. Given both the Willdan report outlining maximum justified DIF rates and the KMA memo recommending the Pomona's DIF's not be set any higher than 4% of market value, does the Council want to increase any fees?
2. If the Council desires to increase fees, which fees would be increased and in what amount? As noted in Fiscal Impact section of this report, the City's current fees already represent 3.2% of market value, leaving approximately room for only a 0.8% increase based on KMAs recommendation of not exceeding 4% of market value.



3. Does the Council want to adopt a policy to impose fees on ADU's larger than 750 Square feet?
4. Does the Council want to consider a phased approach (over 2-3 years) for any increased fees?
5. Finally, since publication of the fees tend to create a "rush to the planning counter" to secure project approvals before the fees are revised, the Council should consider whether it wishes to direct staff to agendize a policy resolution that would require developers to pay the revised impact fees while the fees are still being considered for adoption by the Council.

### **COUNCIL PRIORITIES & GOALS:**

This item supports the 2019-2020 City Council Priority 1: Fiscal and Operational Responsibility – Goal C: Obtain additional grant funding and other revenues to help achieve City goal; Step 2 Issue a Request for Proposal (RFP) by July 2019 to select a consultant to study and recommend changes to the City's Development Impact Fees and to create a Master Fee Schedule for all City fees.

Prepared by:

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Anita D. Gutierrez, AICP  
Development Services Director

Attachments:

1. Willdan Nexus Study
2. KMA Memorandum
3. Slideshow Presentation

# CITY OF POMONA

## DEVELOPMENT IMPACT FEE UPDATE STUDY

FINAL DRAFT

APRIL 13, 2021



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# Executive Summary

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This report summarizes an analysis of development impact fees needed to support future development in the City of Pomona through 2040. It is the City's intent that the costs representing future development's share of public facilities and capital improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this analysis are divided into the fee categories listed below:

- Roadway Facilities
- Traffic Signals
- Public Safety Facilities
- Storm Drainage Facilities
- Water Facilities
- Recycled Water Facilities
- Sewer Facilities

## Background and Study Objectives

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

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

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

## Facility Standards and Costs

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

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

The **planned facilities** approach allocates costs based on the ratio of planned facilities that serve new development to the increase in demand associated with new development. This approach is appropriate when specific planned facilities that only benefit new development can be identified, or when the specific share of facilities benefiting new development can be identified. Examples include street improvements to avoid deficient levels of service or a sewer trunk line extension to a previously undeveloped area. **This approach is used for the storm drain facilities fees in this report.**

The **buy-in method** is typically used when the existing system has sufficient capacity to serve new development now and into the future. Under the buy-in methodology, new development “buys” a proportionate share of existing capacity at the current value of the existing facilities. This approach is typically used for utility fees, where existing facilities are built with excess capacity to serve future development. **This approach is used for the water, recycled water, and sewer facilities fees in this report.**

## Use of Fee Revenues

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

In that the City cannot predict with certainty how and when development within the City will occur during the 20-year planning horizon assumed in this study, the City may need to update and revise the project lists funded by the fees documented in this study. Any substitute projects should be funded within the same facility category, and the substitute projects must still benefit and have a relationship to new development. The City could identify any changes to the projects funded by the impact fees when it updates the CIP. The impact fees could also be updated if significant changes to the projects funded by the fees are anticipated.

## Development Impact Fee Schedule Summary

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

**E.1: Maximum Justified Development Impact Fee Schedule**

Land Use	Roadways <sup>1</sup>	Traffic Signals <sup>1</sup>	Public Safety	Parks <sup>2</sup>	Storm Drain <sup>1</sup>	Water	Recycled Water <sup>3</sup>	Sewer	Total
<i>Residential - per Dwelling Unit</i>									
Less than 500 square feet	\$ 6,807	\$ 592	\$2,284	\$ 4,873	\$ 45	\$2,424	\$ -	\$2,427	\$19,452
500 to 749 square feet	6,807	592	2,644	5,640	45	2,806	-	2,809	21,343
750 to 999 square feet	6,807	592	3,227	6,885	45	3,425	-	3,429	24,410
1,000 to 1,499 square feet	6,807	592	3,972	8,473	45	4,216	-	4,221	28,326
1,500 to 1,999 square feet	10,210	887	4,307	9,188	78	4,572	-	4,577	33,819
2,000 to 2,499 square feet	10,210	887	4,469	9,532	78	4,742	-	4,748	34,666
2,500 to 2,999 square feet	10,210	887	4,680	9,982	78	4,966	-	4,973	35,776
3,000 to 3,999 square feet	10,210	887	4,866	10,381	78	5,164	-	5,170	36,756
<i>Nonresidential - per 1,000 Square Feet or Hotel Room</i>									
Commercial	\$ 12,808	\$ 1,113	900	\$ -	\$ 146	\$2,424	\$ -	\$ 405	\$17,796
Office	16,302	1,416	1,142	1	172	2,806	-	1,758	23,597
Industrial	9,674	840	446	2	206	-	-	879	12,047
Institutional	5,195	451	243	3	89	-	-	3,253	9,234
Hotel Room	6,001	521	224	4	63	404	-	1,758	8,975

<sup>1</sup> Assumes that units 1,500 square feet and larger are single family units for the purpose of this fee schedule summary.

<sup>2</sup> Mitigation Fee Act fee shown for infill development. Refer to Table 5.7 for Quimby Act fee schedule for subdivisions.

<sup>3</sup> Charged on a case by case basis at \$2.05 per GPD.

Sources: Tables 3.5, 3.6, 4.5, 5.8, 6.5, 7.4 and 8.4.



# 1. Introduction

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

- Public Facilities Financing in California;
- Study Objectives;
- Fee Program Maintenance;
- Study Methodology; and
- Organization of the Report.

## Public Facilities Financing in California

The changing fiscal landscape in California during the past 40 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

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

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

## Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. *Policy 7D.P18* of the General Plan states: “Ensure that new developments provide an integrated pattern of streets and pedestrian paths that provide connections between neighborhoods.” *Policy 6C.P7* states, “If any new residential development is permitted as a result of any subsequent land use study in the future, require provision of new public neighborhood and community parks at a ratio consistent with City standards.” *Policy 7E.P33* states, “Require that all new development or expansion of existing facilities bear the cost of expanding the wastewater disposal system to handle the increased loads anticipated by development.”

The primary purpose of this report is to update the City’s impact fees based on the most current available facility plans and growth projections. The maximum justified fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands. This report supports the General Plan policies stated above.

The City collects public facilities fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq. This report provides the

necessary findings required by the Act for adoption of the fees presented in the fee schedules presented in this report.

Though nearing buildout, Pomona is forecast to see moderate growth through this study's planning horizon of 2040. This growth will create an increase in demand for public services and the facilities required to deliver them. Given the revenue challenges described above, Pomona has decided to continue to use a development impact fee program to ensure that new development funds its share of facility costs associated with growth. This report makes use of the most current available growth forecasts and facility plans to update the City's existing fee program to ensure that the fee program accurately represents the facility needs resulting from new development.

## Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. To avoid collecting inadequate revenue, the inventories of existing facilities and costs for planned facilities must be updated periodically for inflation, and the fees recalculated to reflect the higher costs. The use of established indices for each facility included in the inventories (land, buildings, and equipment), such as the *Engineering News-Record*, is necessary to accurately adjust the impact fees. For a list of recommended indices, see Chapter 9.

While fee updates using inflation indices are appropriate for annual or periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, it is recommended to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available. For further detail on fee program implementation, see Chapter 9.

## Study Methodology

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

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

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

## Types of Facility Standards

There are three separate components of facility standards:

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

## New Development Facility Needs and Costs

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

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

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

### *Existing Inventory Method*

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

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

Under this method new development will fund the expansion of facilities at the same standard currently serving existing development. By definition the existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Future facilities to serve growth are identified through an annual CIP and budget process, possibly after completion of a new facility master plan. **This approach is used to calculate the roadways, traffic signals, public safety and parks and recreation facilities fees in this report.**

### *Planned Facilities Method*

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

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

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

### ***Buy-In Method***

The buy-in method is based on the value of the existing system's capacity. This method is typically used when the existing system has sufficient capacity to serve new development now and into the future. Under the buy-in methodology, new development "buys" a proportionate share of existing capacity at the current value of the existing facilities.

The buy-in fee is determined by taking the current value of assets (replacement cost new, less depreciation) divided by the current capacity provided by the system. Responsibility for new capital improvements is then shared equally by all customers. A simplified version of the calculation equation is:

$$\frac{\text{Present Value of Existing Facilities}}{\text{Existing System Capacity}} = \text{cost per unit of demand}$$

This approach is typically used for utility fees, where existing facilities are built with excess capacity to serve future development. **This approach is used for the water, recycled water, and sewer facilities fees in this report.**

## Organization of the Report

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

Chapters 3 through 8 identify facility standards and planned facilities, allocate the cost of planned facilities between new development and other development, and identify the appropriate development impact fee for each of the following facility categories:

- Roadway Facilities and Traffic Signals
- Potable and Recycled Water Facilities
- Public Safety Facilities
- Sewer Facilities
- Storm Drainage Facilities

Chapter 9 details the procedures that the City must follow when implementing a development impact fee program. Impact fee program adoption procedures are found in *California Government Code* Sections 66016 through 66018.

The five statutory findings required for adoption of the maximum justified public facilities fees in accordance with the Mitigation Fee Act are documented in Chapter 10.

## 2. Growth Forecasts

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Growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This chapter explains the source for the growth projections used in this study based on a 2020 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 2020 is used as an indicator of existing facility demand and to determine existing facility standards.
- The estimate of total development at the 2040 planning horizon is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2020 through 2040 are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

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

### Land Use Types

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

- **Single family:** Detached and attached one-unit dwellings (Includes single family homes and townhomes)
- **Multifamily:** All attached multifamily dwellings including duplexes and condominiums
- **Commercial:** All commercial, retail, educational, and service development
- **Office:** All general, professional, and medical office development
- **Industrial:** All warehouse, distribution, manufacturing, and other industrial development
- **Institutional:** Includes non-commercial uses such as hospitals, schools, social or religious institutions, and public institutions
- **Hotel:** Places of lodging that provide sleeping accommodations, including all suite hotels and business hotels.

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

The City has the discretion to determine which land use type best reflects a development project's characteristics for purposes of imposing an impact fee and may adjust fees for special or unique uses to reflect the impact characteristics of the use. If a project results in the intensification of use, at its discretion, the City can charge the project the difference in fees between the existing low intensity use and the future high intensity use.

### Impact Fees for Accessory Dwelling Units

The California State Legislature recently amended requirements on local agencies for the imposition of development impact fees on accessory dwelling units (ADU) with Assembly Bill AB

68 in 2020. The amendment to California Government Code §65852.2(f)(2) stipulates that local agencies may not impose any impact fees on ADU less than 750 square feet. ADU greater than 750 square feet can be charged impact fees in proportion to the size of the primary dwelling unit.

### ***Calculating Impact Fees for Accessory Dwelling Units***

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

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

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

## Existing and Future Development

**Table 2.1** shows the estimated number of residents, dwelling units, employees, and building square feet in Pomona, both in 2020 and in 2040. The base year estimates of household residents and dwelling units comes from the California Department of Finance. Estimates of residents and housing units in 2040 are based on the Southern California Association of Government's (SCAG) 2016-2040 RTP/SCS Final Growth Forecast. Dwelling units in 2040 are allocated between land uses consistent with current proportions.

Base year employees were estimated based on the latest data from the US Census' OnTheMap application and exclude 671 local government (public administration) employees. Estimates of workers in 2040 are also based on the SCAG growth projections and are allocated to the land use categories based on the current proportion of workers in each general category.

**Table 2.1: Existing and New Development**

	2020	2040	Increase
<u>Residents</u> <sup>1</sup>	150,830	190,400	39,570
<u>Dwelling Units</u> <sup>2</sup>			
Single Family	28,306	34,586	6,280
Multifamily	13,516	16,514	2,998
Total	41,822	51,100	9,278
<u>Employment</u> <sup>3</sup>			
Commercial	16,557	26,203	9,646
Office	15,101	23,899	8,798
Industrial	10,804	17,098	6,294
Total	42,462	67,200	24,738
<u>Building Square Feet (1,000s)</u> <sup>4</sup>			
Commercial	7,076	11,198	4,122
Office	5,085	8,047	2,962
Industrial	9,314	14,740	5,426
Total	21,474	33,984	12,510

<sup>1</sup> Current population from California Department of Finance. 2040 projection from SCAG.

<sup>2</sup> Current values from California Department of Finance. 2040 projection from SCAG. Assumes same ratio of single family to multifamily will be maintained as development occurs.

<sup>3</sup> Current estimates of primary jobs from the US Census' OnTheMap. 2040 projection from SCAG. Assumes current ratio among land uses will be maintained.

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

Sources: California Department of Finance, Table E-5, 2020; SCAG 2016-2040 RTP/SCS Final Growth Forecast by Jurisdiction; OnTheMap Application, <http://onthemap.ces.census.gov>; Table 2.2, Willdan Financial Services.

## Occupant Densities

All fees in this report are calculated based on dwelling units (differentiated by size in square footage), nonresidential building square feet or lodging units. Occupant densities (residents per dwelling unit, by building square feet) or workers per building square foot are the most appropriate characteristics to use for most impact fees. The fee imposed should be based on the land use type that most closely represents the probable occupant density of the development.

Persons per dwelling unit, by dwelling unit square footage assumptions ensure a reasonable relationship between the size of a dwelling unit and the residents, and therefore demand for public facilities. For residential development, the fee is based on the size in square feet of each additional housing unit, so the fee schedule must convert service population estimates to these measures of square feet per dwelling unit and number of dwelling units in the project.



This conversion is done with average household size factors that vary by dwelling unit square footage, shown in **Table 2.2**. The data series that was used to statistically establish these household size factors is from the 2017 American Housing Survey (AHS). Willdan used AHS data from the Pacific Division to estimate the persons per dwelling unit, by dwelling unit size for the Pacific Division. The estimate of persons per bedroom for the Pacific Division was then adjusted using based on difference in average dwelling unit density for Pomona compared to the Pacific Division as calculated from American Community Survey (ACS) data. These adjustments were necessary because data for the City of Pomona is not specifically available from the American Housing Survey, and the American Community Survey does not provide data at the granularity needed to estimate these factors for the City.

The nonresidential occupancy factors are derived from data from the Institute of Traffic Engineers Trip Generation Manual, 10th Edition.

**Table 2.2: Occupant Density Assumptions**

<i><u>Residential - per Square Foot</u></i> <sup>1</sup>		
Less than 500 square feet	1.84	Residents per dwelling unit
500 to 749 square feet	2.13	Residents per dwelling unit
750 to 999 square feet	2.60	Residents per dwelling unit
1,000 to 1,499 square feet	3.20	Residents per dwelling unit
1,500 to 1,999 square feet	3.47	Residents per dwelling unit
2,000 to 2,499 square feet	3.60	Residents per dwelling unit
2,500 to 2,999 square feet	3.77	Residents per dwelling unit
3,000 to 3,999 square feet	3.92	Residents per dwelling unit
<i><u>Nonresidential</u></i>		
Commercial	2.34	Employees per 1,000 square feet
Office	2.97	Employees per 1,000 square feet
Industrial	1.16	Employees per 1,000 square feet
Institutional	0.63	Employees per 1,000 square feet
Hotel	0.58	Employees per room

<sup>1</sup> Based on 2017 American Housing Survey data for the Pacific Division, adjusted based on difference in average dwelling unit density for Pomona v. Pacific Division. Average residents per square foot, by dwelling unit square foot.

Sources: 2017 American Housing Survey; ITE Trip Generation Manual, 10th Edition; Willdan Financial Services.

## Land Cost Assumptions

**Table 2.3** displays the land cost assumption used throughout this report. The assumption was developed based on an analysis of land sales in Pomona within the past year, as reported by CoStar.



**Table 2.3: Land Cost**

Area	Value Per Acre
Weighted Average Cost per Acre	\$ 982,000

Note: Includes land sales within the past year within Pomona, as reported by CoStar.

Sources: CoStar; Willdan Financial Services.

# 3. Roadway and Traffic Signal Facilities

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

## Trip Demand

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

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

- Pass-by trips are deducted from the trip generation rate. Pass-by trips are 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 3.1** shows the calculation of trip demand factors by land use category based on the adjustments described above. Data is based on extensive and detailed trip surveys conducted in the Institute of Traffic Engineers (ITE) and by the San Diego Association of Governments (SANDAG). The pass-by trip assumptions and trip rates come from ITE. The trip length assumptions come from SANDAG, as these assumptions are not published locally by SCAG. The surveys provide one of the most comprehensive databases available of trip generation rates, pass-by trips factors, and average trip length for a wide range of land uses. Though urban development patterns differ between San Diego and the City of Pomona, the use of this data is appropriate as a means of allocating trips across multiple land use categories. It should be noted that the projections of current and future trip generation in this report are based on data specific to the City of Pomona.

**Table 3.1: Trip Rate Adjustment Factors**

Pass-by Trips <sup>1</sup>		Primary and Diverted Trips	Average Trip Length <sup>2</sup>	Adjustment Factor <sup>3</sup>	ITE Category	PM Peak Hour Trips <sup>4</sup>	Trip Demand Factor <sup>5</sup>
A	B = 1 - A		C	$D = B \times C / \text{Avg.}$		E	F = D x E
<u>Residential - per Dwelling Unit</u>							
Single Family	0%	100%	7.9	1.14	Single Family Housing (210)	1.00	1.14
Multifamily	0%	100%	7.9	1.14	Multifamily Housing (Low-Rise) (220)	0.67	0.76
<u>Nonresidential - per 1,000 Sq. Ft.</u>							
Commercial	34%	66%	3.6	0.34	Shopping Center (820)	4.21	1.43
Office	0%	100%	8.8	1.28	General Office (710)	1.42	1.82
Industrial	0%	100%	9.0	1.30	General Light Industrial (110)	0.83	1.08
Institutional	0%	100%	4.8	0.70	High School (530)	0.83	0.58
Hotel Room	0%	100%	7.6	1.10	Hotel (310)	0.61	0.67

<sup>1</sup> 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. Assumption based on ITE Trip Generation Handbook data.

<sup>2</sup> In miles. Based on SANDAG data.

<sup>3</sup> 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.

<sup>4</sup> Trips per dwelling unit or per 1,000 building square feet.

<sup>5</sup> The trip demand factor is the product of the trip adjustment factor and the trip rate.

Sources: Institute of Traffic Engineers, Trip Generation Manual, 10th Edition; Institute of Traffic Engineers, Trip Generation Handbook, 3rd Edition; SANDAG; Willdan Financial Services.

## Trip Demand Growth

The planning horizon for this analysis is 2040. **Table 3.2** lists the 2020 and 2040 land use assumptions used in this study. The trip demand factors calculated in Table 3.1 are multiplied by the existing and future dwelling units and building square feet to determine the increase in trip demand attributable to new development.

**Table 3.2: Land Use Scenario and Trip Demand**

Land Use	Trip	2020		Growth 2020 to 2040		Total - 2040	
	Demand Factor	Units / 1,000 SF	Trips	Units / 1,000 SF	Trips	Units / 1,000 SF	Trips
<i>Residential - per Dwelling Unit</i>							
Single Family	1.14	28,306	32,269	6,280	7,159	34,586	39,428
Multifamily	0.76	13,516	10,272	2,998	2,279	16,514	12,551
Subtotal		41,822	42,541	9,278	9,438	51,100	51,979
<i>Nonresidential - per 1,000 Sq. Ft.</i>							
Commercial	1.43	7,076	10,118	4,122	5,895	11,198	16,013
Office	1.82	5,085	9,254	2,962	5,391	8,047	14,645
Industrial	1.08	9,314	10,059	5,426	5,860	14,740	15,919
Subtotal		21,474	29,431	12,510	17,146	33,984	46,577
Total			71,972		26,584		98,556
			73.0%		27.0%		100%

Sources: Tables 2.1 and 3.1.

## Existing Roadway and Traffic Signal Inventory

The City of Pomona has made considerable investments in its transportation infrastructure. **Table 3.3** summarizes the City's existing transportation inventory in 2020. The inventory is limited to primary arterial and collector streets that provide connectivity between neighborhoods and activity centers within the City, and that provide connectivity to neighboring cities and regional transportation facilities. As new development occurs, that development will need to fund these same types of facilities to ensure that the City can maintain its existing level of service.

The City provided the replacement cost assumptions for use in this analysis. In total, the City owns nearly \$631 million worth of roadways and nearly \$55 million worth of traffic signals.

**Table 3.3: Traffic Facilities Existing Inventory**

Infrastructure Type	Length (Feet)	Avg. Width (Feet)	Area	Units	Unit Conversion	Unit Cost	Total Replacement Cost
<u>Roadways</u>							
Arterials	1,795,200	52	93,350,000	Sq. ft.			
Collectors <sup>1</sup>	924,000	36	<u>33,264,000</u>	Sq. ft.			
Total			126,614,000	Sq. ft.	1,171,180 ton <sup>2</sup>	\$ 86	\$ 100,721,437
Sidewalks	3,500,640	10	35,006,000	Sq. ft.	N/A	\$ 9	\$ 315,054,000
Curb and Gutter	NA	NA	3,432,000	Linear ft.	N/A	\$ 63	\$ 216,216,000
Total Roadways Replacement Cost							\$ 631,991,437
<u>Signals</u>	NA	NA	183	Intersections		\$ 300,000	<u>\$ 54,900,000</u>
Total Traffic Facilities Replacement Cost							<b>\$ 686,891,437</b>

Note: Inventory limited to arterial and collector streets that provide connectivity between neighborhoods and activity centers within the City, and that provide connectivity to neighboring cities and regional transportation facilities. Local streets used primarily for access to one specific neighborhood or development site are not included.

<sup>1</sup> Includes bike lanes.

<sup>2</sup> 126,614,000 sf x 0.125 ft x 0.074 ton/cf = 1,171,180 tons.

Sources: City of Pomona; Willdan Financial Services.

## Fee per Trip Demand Unit

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

**Table 3.4** displays the calculation of the cost the cost per trip demand unit by dividing the existing traffic facility replacement cost from Table 3.3 by existing trip demand from Table 3.2 for roadways and traffic signals, respectively.

If an applicant believes that their project does not fit into the land use categories for which fees have been calculated, at the discretion of the Public Works Director, the fee can be calculated by multiplying the cost per trip by the number of PM peak hour trips identified in the latest ITE Trip Generation Manual for the land use, adjusted by the applicable trip rate adjustment factors in Table 3.1.

**Table 3.4: Existing Inventory Cost per Trip**

	Roadways	Traffic Signals
Existing Inventory Replacement Cost	\$631,991,437	\$ 54,900,000
Existing Trip Demand	71,972	71,972
Cost per Trip	\$ 8,781	\$ 763

Sources: Tables 3.2 and 3.3.

## Fee Schedules

**Table 3.5** shows the maximum justified roadways facilities fee schedule and **Table 3.6** shows the maximum justified traffic signal facilities fee schedule. The City can adopt any fee up to these amounts. The maximum justified fees are based on the costs per trip shown in Table 3.4. The cost per trip is multiplied by the trip demand factors in Table 3.1 to determine a fee per unit of new development. The total fee includes a two percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue, and cost accounting, mandated public reporting, and fee justification analyses.

If an applicant believes that their project does not fit into the land use categories for which fees have been calculated, at the discretion of the Public Works Director, the fee can be calculated by multiplying the costs per trip from Table 3.4 by the number of PM peak hour trips identified in the latest ITE Trip Generation Manual for the land use, adjusted by the applicable trip rate adjustment factors in Table 3.1

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

**Table 3.5: Maximum Justified Roadway Facilities 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 <sup>1</sup>	Admin Charge <sup>1, 2</sup>		Total Fee <sup>1</sup>	Fee per Sq. Ft.
<u>Residential - per Dwelling Unit</u>							
Single Family	\$ 8,781	1.14	\$ 10,010	\$ 200		\$ 10,210	
Multifamily	8,781	0.76	6,674	133		6,807	
<u>Nonresidential - per 1,000 Sq. Ft. or Hotel Room</u>							
Commercial	\$ 8,781	1.43	\$ 12,557	\$ 251		\$ 12,808	\$ 12.81
Office	8,781	1.82	15,982	320		16,302	16.30
Industrial	8,781	1.08	9,484	190		9,674	9.67
Institutional	8,781	0.58	5,093	102		5,195	5.20
Hotel Room	8,781	0.67	5,883	118		6,001	6.00

<sup>1</sup> Fee per dwelling unit, per 1,000 square feet of nonresidential or per hotel room.

<sup>2</sup> 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 3.1 and 3.4.

**Table 3.6: Maximum Justified Traffic Signals 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 <sup>1</sup>	Admin Charge <sup>1, 2</sup>		Total Fee <sup>1</sup>	Fee per Sq. Ft.
<u>Residential - per Dwelling Unit</u>							
Single Family	\$ 763	1.14	\$ 870	\$ 17		\$ 887	
Multifamily	763	0.76	580	12		592	
<u>Nonresidential - per 1,000 Sq. Ft. or Hotel Room</u>							
Commercial	\$ 763	1.43	\$ 1,091	\$ 22		\$ 1,113	\$ 1.11
Office	763	1.82	1,388	28		1,416	1.42
Industrial	763	1.08	824	16		840	0.84
Institutional	763	0.58	442	9		451	0.45
Hotel Room	763	0.67	511	10		521	0.52

<sup>1</sup> Fee per dwelling unit, per 1,000 square feet of nonresidential or per hotel room.

<sup>2</sup> 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 3.1 and 3.4.

## 4. Public Safety Facilities

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

### Service Population

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

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

**Table 4.1: Public Safety Facilities Service Population**

	A	B	A x B = C
	Persons	Weighting Factor	Service Population
<u>Residents</u>			
Existing (2020)	150,830	1.00	150,830
New Development	39,570	1.00	39,570
Total (2040)	190,400		190,400
<u>Workers</u>			
Existing (2020)	42,462	0.31	13,200
New Development	24,738	0.31	7,700
Total (2040)	67,200		20,900
<u>Combined Residents and Weighted Workers</u>			
Existing (2020)			164,030
New Development			47,270
Total (2040)			211,300

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

Sources: Table 2.1; Willdan Financial Services.



## Facility Inventories and Standards

This section describes the City's public safety facility inventory and facility standards.

### Existing Inventory

The City's public safety facilities inventory is comprised of nine fire stations, a fire training tower, the public safety (police) station, traffic bureau and various accessory buildings. The land cost assumption was based on an analysis of recent land sales within the City of Pomona and is consistent with other chapters in the report. The value of buildings is based on the replacement cost for similar facilities provided by other Willdan clients. In total the City owns nearly \$200 million worth of public safety facilities. **Table 4.2** displays the City's existing inventory of public safety facilities.

**Table 4.2: Existing Public Safety Facilities Inventory**

	Inventory	Unit	Unit Cost	Replacement Cost
<u><i>Public Safety Building</i></u>				
Land	2.39	acres	\$ 982,000	\$ 2,346,980
Building	28,643	sq. ft.	525	15,037,575
Subtotal				\$ 17,384,555
<u><i>Fire Station #181</i></u>				
Land	-	acres	\$ 982,000	\$ -
Building	13,309	sq. ft.	525	6,987,225
Subtotal				\$ 6,987,225
<u><i>Fire Station #182</i></u>				
Land	0.34	acres	\$ 982,000	\$ 333,880
Building	4,512	sq. ft.	525	2,368,800
Subtotal				\$ 2,702,680
<u><i>Fire Station #183</i></u>				
Land	0.60	acres	\$ 982,000	\$ 589,200
Building	3,814	sq. ft.	525	2,002,350
Subtotal				\$ 2,591,550
<u><i>Fire Station #184</i></u>				
Land	0.61	acres	\$ 982,000	\$ 599,020
Building	4,250	sq. ft.	525	2,231,250
Subtotal				\$ 2,830,270
<u><i>Fire Station #185</i></u>				
Land	0.77	acres	\$ 982,000	\$ 756,140
Building	4,827	sq. ft.	525	2,534,175
Subtotal				\$ 3,290,315
<u><i>Fire Station #186</i></u>				
Land	0.47	acres	\$ 982,000	\$ 461,540
Building	5,165	sq. ft.	525	2,711,625
Subtotal				\$ 3,173,165

Sources: City of Pomona; Table 2.3, Willdan Financial Services.

**Table 4.2: Existing Public Safety Facilities Inventory  
Continued**

	Inventory	Unit	Unit Cost	Replacement Cost
<u><i>Fire Station #187 + Fire Training Tower</i></u>				
Land	6.47	acres	\$ 982,000	\$ 6,353,540
Building	15,480	sq. ft.	525	8,127,000
Subtotal				\$ 14,480,540
<u><i>Fire Station #188</i></u>				
Land	0.53	acres	\$ 982,000	\$ 520,460
Building	3,300	sq. ft.	525	1,732,500
Subtotal				\$ 2,252,960
<u><i>Fire Station #189</i></u>				
Land	128.60	acres	\$ 982,000	\$ 126,285,200
Building	1,000	sq. ft.	525	525,000
Subtotal				\$ 126,810,200
<u><i>Evidence Building</i></u>				
Land	0.31	acres	\$ 982,000	\$ 304,420
Building	5,254	sq. ft.	525	2,758,350
Subtotal				\$ 3,062,770
<u><i>Pistol Range</i></u>				
Land	9.76	acres	\$ 982,000	\$ 9,584,320
Building	5,510	sq. ft.	300	1,653,000
Subtotal				\$ 11,237,320
<u><i>Traffic Bureau<sup>1</sup></i></u>				
Land	1.23	acres	\$ 982,000	\$ 1,207,860
Building	3,015	sq. ft.	525	1,582,875
Subtotal				\$ 2,790,735
Total Value - Existing Facilities				\$ 199,594,285

<sup>1</sup> Assumes half of facility is used for public safety uses. Total acreage is 2.45 acres. Total building size is 6,030 square feet.

Sources: City of Pomona; Table 2.3, Willdan Financial Services.

## Cost Allocation

**Table 4.3** shows the calculation of the existing facilities standard per capita for public safety facilities. This cost is calculated by dividing the total existing value of all public safety facilities by the existing service population. The cost per capita is multiplied by the worker weighting factor of 0.31 to determine the cost per worker.

**Table 4.3: Public Safety Facilities Existing Standard**

Value of Existing Facilities	\$ 199,594,285
Existing Service Population	<u>164,030</u>
Cost per Capita	\$ 1,217
Facility Standard per Resident	\$ 1,217
Facility Standard per Worker <sup>2</sup>	377

<sup>1</sup> Based on a weighing factor of 0.31.

Sources: Tables 4.1 and 4.2.

## Fee Revenue Projection

The City plans to use public safety facilities fee revenue to construct improvements and acquire capital facilities and equipment to add to the system of public safety facilities to serve new development. **Table 4.4** details a projection of fee revenue, based on the service population growth increment identified in Table 4.1. The City should program public safety facilities fee revenue to capacity expanding projects annually through its CIP and budget process.

**Table 4.4: Revenue Projection - Existing Standard**

Cost per Capita	\$ 1,217
Growth in Service Population (2020- 2040)	<u>47,270</u>
Fee Revenue	\$ 57,527,590

Sources: Tables 4.1 and 4.3.

## Fee Schedule

**Table 4.5** shows the maximum justified public safety facilities fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

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

**Table 4.5: Public Safety Facilities Fee - Maximum Justified Fee Schedule**

Land Use	A	B	C = A x B		D = C x 0.02		E = C + D	F = E / 1,000
	Cost Per Capita	Density	Base Fee <sup>1</sup>	Admin Charge <sup>1, 2</sup>			Total Fee <sup>1</sup>	Fee per Sq. Ft.
<i>Occupant Density per Dwelling Unit, by Dwelling Unit Square Footage</i>								
Less than 500 square feet	\$ 1,217	1.84	\$ 2,239	\$ 45			\$ 2,284	
500 to 749 square feet	1,217	2.13	2,592	52			2,644	
750 to 999 square feet	1,217	2.60	3,164	63			3,227	
1,000 to 1,499 square feet	1,217	3.20	3,894	78			3,972	
1,500 to 1,999 square feet	1,217	3.47	4,223	84			4,307	
2,000 to 2,499 square feet	1,217	3.60	4,381	88			4,469	
2,500 to 2,999 square feet	1,217	3.77	4,588	92			4,680	
3,000 to 3,999 square feet	1,217	3.92	4,771	95			4,866	
<i>Nonresidential - per 1,000 Sq. Ft. or Hotel Room</i>								
Commercial	\$ 377	2.34	\$ 882	\$ 18			\$ 900	\$ 0.90
Office	377	2.97	1,120	22			1,142	1.14
Industrial	377	1.16	437	9			446	0.45
Institutional	377	0.63	238	5			243	0.24
Hotel Room	377	0.58	220	4			224	0.22

<sup>1</sup> Fee per dwelling unit, per 1,000 square feet of nonresidential or per hotel room.

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

Sources: Tables 2.2 and 4.4.

## 5. Park and Recreation Facilities

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

### Service Population

Park and recreation facilities in Pomona primarily serve residents. Therefore, demand for services and associated facilities is based on the City's residential population. **Table 5.1** shows the existing and future projected service population for park and recreation facilities.

**Table 5.1: Park and Recreation Facilities Service Population**

	Residents
Existing (2020)	150,830
Growth (2020 to 2040)	<u>39,570</u>
Total (2040)	190,400

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Source: Table 2.1.

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### Existing Park and Recreation Facilities Inventory

The City of Pomona maintains several park and recreation facilities throughout the city. **Table 5.2** summarizes the City's existing parkland inventory in 2020. All facilities are located within the City limits. In total, the inventory includes a total of 188.48 acres of improved parkland.

**Table 5.2: Parkland Inventory**

<b>Name</b>	<b>Address</b>	<b>Developed Acres</b>
Centennial Park	242 S. Gibbs St.	0.38
Cesar Chavez Park	2720 Barjud Ave.	1.07
Civic Center Plaza	235 W. 7th St.	0.89
Country Crossings Park (Lower Area)	10 Santa Clara Dr.	6.16
Country Crossings Park (Upper Area)	2 Pala Mesa Dr.	1.21
Esperanza y Alegria Park		0.16
Ganesha Park	1575 N. White Ave.	56.30
Garfield Park	801 E. Holt Ave.	2.56
Hamilton Park	317 N. Hamilton Blvd.	1.05
Jaycee Park	2000 N. San Antonio Ave.	5.30
Kellogg Park	690 Medina St.	2.53
John F. Kennedy Park	1150 Fairplex Dr.	7.82
Kiwanis Park	954 Weber St.	4.58
Lincoln Park	400 E. Lincoln Ave.	3.03
Memorial Park	655 W. 3rd St.	1.51
Martin Luther King, Jr. Park	800 W. Lexington Ave.	5.22
Montvue Park	1555 Cordova St.	3.25
Palomares Park	499 E. Arrow Hwy.	16.70
Phil & Nell Soto Park	1225 N Park Ave.	1.99
Philadelphia Park	700 E. Philadelphia St.	5.26
Phillips Ranch Park	18 B Village Loop Rd.	5.01
Powers Park	600 W. Olive St.	0.73
Ralph Welch Park	1000 Buena Vista St.	8.22
Ted Greene Park	2105 N. Orange Grove Ave.	5.71
Tony Cerda Park	450 W. Grand Ave.	4.58
Washington Park	865 E. Grand Ave.	21.93
Westmont Park	1808 W. 9th St.	6.52
Willie White Park	3065 Battram St.	4.43
Soroptimist Redwood Grove	1000 W. McKinley Ave.	4.22
Garfield Neighborhood Center	563 N. Mountain View Ave.	0.15
Total		188.48

Source: City of Pomona.

## Parkland and Park Facilities Unit Costs

**Table 5.3** displays the unit costs necessary to develop parkland in Pomona. The land cost assumption was based on an analysis of recent land sales within the City of Pomona and is consistent with other chapters in the report. An estimate of \$583,000 per acre for standard parkland improvements is based on the City's recent experience improving Phil & Nell Soo Park. In total, it costs approximately \$2.1 million to acquire and improve an acre of parkland in Pomona.

**Table 5.3: Park Facilities Unit Costs**

	<b>Cost Per Acre</b>	<b>Share of Total Costs</b>
Standard Park Improvements <sup>1</sup>	\$ 1,405,000	68%
Land Acquisition <sup>2</sup>	<u>672,000</u>	<u>32%</u>
Total Cost per Acre	\$ 2,077,000	100%

<sup>1</sup> Improvement cost per acre based on the cost of Phil & Nell Soto Park.

<sup>2</sup> Acquisition cost per acre based on the cost of Phil & Nell Soto Park.

Sources: City of Pomona; Willdan Financial Services.

## Park Facility Standards

Park facility standards establish a reasonable relationship between new development and the need for expanded park facilities. Information regarding the City's existing inventory of existing parks facilities was obtained from City staff.

The most common measure in calculating new development's demand for parks is the ratio of park acres per resident. In general, facility standards may be based on a jurisdiction's existing inventory of park facilities, or an adopted policy standard contained in a master facility plan or general plan. Facility standards may also be based on a land dedication standard established by the *Quimby Act*.<sup>1</sup>

### Quimby Act Standard

The *Quimby Act* specifies that the dedication requirement must be a minimum of 3.0 acres and a maximum of 5.0 acres per 1,000 residents. A jurisdiction can require residential developers to dedicate above the three-acre minimum if the jurisdiction's existing park standard at the time it adopted its *Quimby Act* ordinance justifies the higher level (up to five acres per 1,000 residents). The standard used must also conform to the jurisdiction's adopted general or specific plan standards.

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

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

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

### City of Pomona Park Facilities Standards

**Table 5.4** shows the existing standard for improved park acreage per 1,000 residents based on the type of parkland. In total the City has an existing parkland standard of 1.25 acres per 1,000 residents. The fee analysis in this report will be based on maintaining a 1.25 acre per 1,000 service population standard as new development adds demand for parks in Pomona. Fees for subdivisions are calculated at the minimum *Quimby* standard of 3.0 acres per 1,000 residents.

<sup>1</sup> California Government Code §66477.



**Table 5.4: Parkland Standards**

Developed Park Acreage	188.48
Service Population (2020)	<u>150,830</u>
Existing Standard (Acres per 1,000 Residents)	1.25
Quimby Act Standard (Acres per 1,000 Residents)	3.00

Sources: Tables 1 and 2.

## Facilities Needed to Accommodate New Development

**Table 5.5** shows the park facilities needed to accommodate new development at the existing standard. To achieve the standard by the planning horizon, depending on the amount of development subject to the Quimby Act, new development must fund the purchase and improvement of between 49.46 and 118.71 parkland acres, at a total cost ranging between \$102.7 and \$149.3 million.

The facility standards and resulting fees under the Quimby Act are higher because development will be charged to provide 3.0 acres of parkland per 1,000 residents, and 1.25 acres of improvements, whereas development not subject to the Quimby Act will be charged to provide only 1.25 acres of parkland per 1,000 residents, and 1.25 acres of improvements. Since the exact amount of development that will be subject to the Quimby fees is unknown at this time, Table 5.5 presents the range of total facility costs that may be incurred depending on the amount of development subject to the Quimby Act.

**Table 5.5: Park Facilities to Accommodate New Development**

	Calculation	Parkland	Improvements	Total Range <sup>1</sup>
<i><u>Parkland (Quimby Act), Improvements (Mitigation Fee Act)<sup>2</sup></u></i>				
Facility Standard (acres/1,000 capita)	A	3.00	1.25	
Service Population Growth (2020 to 2040)	B	39,570	39,570	
Facility Needs (acres)	$C = A \times B/1000$	118.71	49.46	
Average Unit Cost (per acre)	D	\$ 672,000	\$ 1,405,000	
Total Cost of Facilities	$E = C \times D$	\$ 79,773,000	\$ 69,491,000	\$ 149,264,000
<i><u>Parkland and Improvements - Mitigation Fee Act<sup>3</sup></u></i>				
Facility Standard (acres/1,000 capita)	A	1.25	1.25	
Service Population Growth (2020 to 2040)	B	39,570	39,570	
Facility Needs (acres)	$C = A \times B/1000$	49.46	49.46	
Average Unit Cost (per acre)	D	\$ 672,000	\$ 1,405,000	
Total Cost of Facilities	$E = C \times D$	\$ 33,237,000	\$ 69,491,000	\$ 102,728,000

Note: Totals have been rounded to the thousands.

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

<sup>2</sup> Cost of parkland to serve new development shown if all development is subject to the Quimby Act (Subdivisions of 50 units or more). Parkland charged at 3.0 acres per 1,000 residents; improvements charged at the existing standard.

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

Sources: Tables 5.1, 5.3 and 5.4.

## Parks and Recreation Facilities Cost per Capita

**Table 5.6** shows the cost per capita of providing new park facilities at the Quimby standard, and the existing facility standard. The cost per capita is shown separately for land and improvements. The costs per capita in this table will serve as the basis of three fees:

- A Quimby Act Fee in-lieu of land dedication. This fee is payable by residential development occurring in subdivisions.
- A Mitigation Fee Act Fee for land acquisition. This fee is payable by residential development not occurring in subdivisions.
- A Mitigation Fee Act Fee for parkland improvements. This fee is payable by all residential development.

A development project pays either the Quimby Act Fee in-lieu of land dedication, or the Mitigation Fee Act Fee for land acquisition, not both. All development projects pay the Mitigation Fee Act Fee for park improvements.

**Table 5.6: Park Facilities Investment Per Capita**

	Calculation	<u>Land</u>		<u>Improvements</u>
		Quimby Fee	OR Impact Fee	AND Impact Fee
Parkland Investment (per acre)	A	\$ 672,000	\$ 672,000	\$ 1,405,000
Existing Standard (acres per 1,000 capita)	B	3.00	1.25	1.25
Total Cost Per 1,000 capita	$C = A \times B$	\$ 2,016,000	\$ 840,000	\$ 1,756,300
Cost Per Resident	$D = C / 1,000$	\$ 2,016	\$ 840	\$ 1,756

Sources: Tables 5.3 and 5.4.

## Use of Fee Revenue

The City plans to use park and recreation facilities fee revenue to purchase parkland and construct improvements to add to the system of park facilities that serves new development. The City may only use impact fee revenue to provide facilities and intensify usage of existing facilities needed to serve new development. The City should program public safety facilities fee revenue to capacity expanding projects annually through its CIP and budget process.

## Fee Schedule

To calculate fees by land use type, the investment in park facilities is determined on a per resident basis for both land acquisition and improvement. This investment factor (shown in Table 5.7) is the investment per capita based on the unit cost estimates and facility standards.

**Table 5.7 and Table 5.8** show the maximum justified park and recreation facilities fee based on the policy standard of 5.0 acres per capita under the Quimby Act and under the Mitigation Fee Act, respectively. The investment per capita is converted to a fee per dwelling unit using the occupancy density factors from Table 2.2. The total fee includes an administrative charge to fund costs that include: (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue, and cost accounting, mandated public reporting, and fee justification analyses.

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

**Table 5.7: Park Facilities Impact Fee Schedule - Quimby Act**

Land Use	A	B	C = A x B		D = C x 0.02		E = C + D
	Cost Per Capita	Density	Base Fee	Admin Costs <sup>1</sup>			Total Fee
<u>Less than 500 square feet</u>							
Land Acquisition	\$ 2,016	1.84	\$ 3,709	\$ 74			\$ 3,783
Improvements	<u>1,756</u>	1.84	<u>3,231</u>	<u>65</u>			<u>3,296</u>
Total	\$ 3,772		\$ 6,940	\$ 139			\$ 7,079
<u>500 to 749 square feet</u>							
Land Acquisition	\$ 2,016	2.13	\$ 4,294	\$ 86			\$ 4,380
Improvements	<u>1,756</u>	2.13	<u>3,740</u>	<u>75</u>			<u>3,815</u>
Total	\$ 3,772		\$ 8,034	\$ 161			\$ 8,195
<u>750 to 999 square feet</u>							
Land Acquisition	\$ 2,016	2.60	\$ 5,242	\$ 105			\$ 5,347
Improvements	<u>1,756</u>	2.60	<u>4,566</u>	<u>91</u>			<u>4,657</u>
Total	\$ 3,772		\$ 9,808	\$ 196			\$ 10,004
<u>1,000 to 1,499 square feet</u>							
Land Acquisition	\$ 2,016	3.20	\$ 6,451	\$ 129			\$ 6,580
Improvements	<u>1,756</u>	3.20	<u>5,619</u>	<u>112</u>			<u>5,731</u>
Total	\$ 3,772		\$ 12,070	\$ 241			\$ 12,311
<u>1,500 to 1,999 square feet</u>							
Land Acquisition	\$ 2,016	3.47	\$ 6,996	\$ 140			\$ 7,136
Improvements	<u>1,756</u>	3.47	<u>6,093</u>	<u>122</u>			<u>6,215</u>
Total	\$ 3,772		\$ 13,089	\$ 262			\$ 13,351
<u>2,000 to 2,499 square feet</u>							
Land Acquisition	\$ 2,016	3.60	\$ 7,258	\$ 145			\$ 7,403
Improvements	<u>1,756</u>	3.60	<u>6,322</u>	<u>126</u>			<u>6,448</u>
Total	\$ 3,772		\$ 13,580	\$ 271			\$ 13,851
<u>2,500 to 2,999 square feet</u>							
Land Acquisition	\$ 2,016	3.77	\$ 7,600	\$ 152			\$ 7,752
Improvements	<u>1,756</u>	3.77	<u>6,620</u>	<u>132</u>			<u>6,752</u>
Total	\$ 3,772		\$ 14,220	\$ 284			\$ 14,504
<u>3,000 to 3,999 square feet</u>							
Land Acquisition	\$ 2,016	3.92	\$ 7,903	\$ 158			\$ 8,061
Improvements	<u>1,756</u>	3.92	<u>6,884</u>	<u>138</u>			<u>7,022</u>
Total	\$ 3,772		\$ 14,787	\$ 296			\$ 15,083

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

Sources: Tables 2.2 and 5.6, Willdan Financial Services.

**Table 5.8: Park Facilities Impact Fee Schedule - Infill Development, Mitigation Fee Act**

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee	D = C x 0.02 Admin Costs <sup>1</sup>	E = C + D Total Fee
<u>Less than 500 square feet</u>					
Land Acquisition	\$ 840	1.84	\$ 1,546	\$ 31	\$ 1,577
Improvements	<u>1,756</u>	1.84	<u>3,231</u>	<u>65</u>	<u>3,296</u>
Total	\$ 2,596		\$ 4,777	\$ 96	\$ 4,873
<u>500 to 749 square feet</u>					
Land Acquisition	\$ 840	2.13	\$ 1,789	\$ 36	\$ 1,825
Improvements	<u>1,756</u>	2.13	<u>3,740</u>	<u>75</u>	<u>3,815</u>
Total	\$ 2,596		\$ 5,529	\$ 111	\$ 5,640
<u>750 to 999 square feet</u>					
Land Acquisition	\$ 840	2.60	\$ 2,184	\$ 44	\$ 2,228
Improvements	<u>1,756</u>	2.60	<u>4,566</u>	<u>91</u>	<u>4,657</u>
Total	\$ 2,596		\$ 6,750	\$ 135	\$ 6,885
<u>1,000 to 1,499 square feet</u>					
Land Acquisition	\$ 840	3.20	\$ 2,688	\$ 54	\$ 2,742
Improvements	<u>1,756</u>	3.20	<u>5,619</u>	<u>112</u>	<u>5,731</u>
Total	\$ 2,596		\$ 8,307	\$ 166	\$ 8,473
<u>1,500 to 1,999 square feet</u>					
Land Acquisition	\$ 840	3.47	\$ 2,915	\$ 58	\$ 2,973
Improvements	<u>1,756</u>	3.47	<u>6,093</u>	<u>122</u>	<u>6,215</u>
Total	\$ 2,596		\$ 9,008	\$ 180	\$ 9,188
<u>2,000 to 2,499 square feet</u>					
Land Acquisition	\$ 840	3.60	\$ 3,024	\$ 60	\$ 3,084
Improvements	<u>1,756</u>	3.60	<u>6,322</u>	<u>126</u>	<u>6,448</u>
Total	\$ 2,596		\$ 9,346	\$ 186	\$ 9,532
<u>2,500 to 2,999 square feet</u>					
Land Acquisition	\$ 840	3.77	\$ 3,167	\$ 63	\$ 3,230
Improvements	<u>1,756</u>	3.77	<u>6,620</u>	<u>132</u>	<u>6,752</u>
Total	\$ 2,596		\$ 9,787	\$ 195	\$ 9,982
<u>3,000 to 3,999 square feet</u>					
Land Acquisition	\$ 840	3.92	\$ 3,293	\$ 66	\$ 3,359
Improvements	<u>1,756</u>	3.92	<u>6,884</u>	<u>138</u>	<u>7,022</u>
Total	\$ 2,596		\$ 10,177	\$ 204	\$ 10,381

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

Sources: Tables 2.2 and 5.6, Willdan Financial Services.

## 6. Storm Drain Facilities

This chapter summarizes an analysis of the need for storm drain facilities to accommodate growth within the City of Pomona. This projects and associated costs in this chapter were identified in the City's most recent Capital Improvement Plan (CIP). This chapter documents a reasonable relationship between new development and a storm drain fee to fund storm drain facilities that serve new development.

### Storm Drain Demand

Most new development generates storm water runoff that must be controlled through storm drain facilities by increasing the amount of land that is impervious to precipitation. **Table 6.1** shows the calculation of equivalent dwelling unit (EDU) demand factors based on impervious surface coefficient by land use category. The impervious surface coefficients are based on from California Environmental Protection Agency data. EDU factors relate demand for storm drain facilities in terms of the demand created by a single-family dwelling unit.

**Table 6.1: Storm Drain Facilities Equivalent Dwelling Units**

	A	B	$C = (43,560 / A) \times B$	$D = C / \text{Single Family}$
	DU, 1,000 Sq. Ft. or Hotel Rooms per acre <sup>1</sup>	Average Percent Impervious per Acre	Impervious Square feet per DU, 1,000 Sq. Ft. or Hotel Room	Equivalent Dwelling Unit (EDU) <sup>2</sup>
<i><u>Residential - per Dwelling Unit</u></i>				
Single Family	20.00	70%	1,525	1.00
Multifamily	40.00	81%	882	0.58
<i><u>Nonresidential - per 1,000 Sq. Ft. or Hotel Room</u></i>				
Commercial	13.07	86%	2,867	1.88
Office	10.89	85%	3,400	2.23
Industrial	8.71	81%	4,050	2.66
Institutional	10.89	44%	1,760	1.15
Hotel Room	30.00	86%	1,249	0.82

<sup>1</sup> Dwelling units for residential and thousand building square feet for non-residential. Nonresidential densities are based on floor-area-ratios of 0.3 for commercial, 0.25 for office and institutional, and 0.20 for industrial.

<sup>2</sup> EDUs per dwelling unit for residential development and per thousand square feet for nonresidential

Sources: User's Guide for the California Impervious Surface Coefficients, Office of Environmental Health Hazard Assessment California Environmental Protection Agency; Willdan Financial Services.

### EDU Generation by New Development

**Table 6.2** shows the estimated EDU generation from new development through 2040. New development will generate approximately 36,800 new EDUs, representing 30.1 percent of total storm drain demand in 2040.

**Table 6.2: Storm Drain Facilities Equivalent Dwelling Units**

Land Use	EDU Factor	2020		Growth 2020 to 2040		Total - 2040	
		Units / 1,000 SF	EDUs	Units / 1,000 SF	EDUs	Units / 1,000 SF	EDUs
<i>Residential - per Dwelling Unit</i>							
Single Family	1.00	28,306	28,306	6,280	6,280	34,586	34,586
Multifamily	0.58	13,516	7,839	2,998	1,739	16,514	9,578
Subtotal		41,822	36,145	9,278	8,019	51,100	44,164
<i>Nonresidential - per 1,000 Sq. Ft.</i>							
Commercial	1.88	7,076	13,302	4,122	7,750	11,198	21,052
Office	2.23	5,085	11,338	2,962	6,606	8,047	17,944
Industrial	2.66	9,314	24,775	5,426	14,432	14,740	39,207
Subtotal		21,474	49,415	12,510	28,788	33,984	78,203
Total			85,560		36,807		122,367
			69.9%		30.1%		100%

Sources: Tables 2.1 and 6.1.

## Planned Facilities

**Table 6.3** identifies the planned storm drain facilities to be funded by the fee. The new storm drain facilities were all identified in the City's 2020-21 CIP. Since drainage projects will benefit both existing development and new development, capacity expanding projects are allocated to new development based on new development's share of storm drain demand at the planning horizon. Projects that do not expand capacity are not allocated to the impact fee.

**Table 6.3: Storm Drain Capital Improvements**

Project Name	Total Project Cost	Allocation to New Development	Cost Allocated to New Development
Alley Drainage Improvements - Acacia Street	\$ 517,327	30.1%	\$ 155,715
Catch Basin - Mission Boulevard (at Phillips Drive)	202,540	30.1%	60,965
City Facilities Drainage Upgrade	50,000	30.1%	15,050
Storm Drain - East End Avenue (Mission Blvd to San Antonio Wash)	1,500,000	30.1%	451,500
Storm Drain Facility and Pavement Reconstruction - Lincoln Ave & Como Dr	125,000	30.1%	37,625
Storm Drain Facility - Mission Boulevard and Reservoir Street	150,000	30.1%	45,150
Storm Drain Facility - Paige Drive (N/O Sunset Dr)	175,000	30.1%	52,675
Storm Drain Facility Reconstruction - 515 E. McKinley Avenue	125,000	0.0%	-
Storm Drain Facility Reconstruction - Palomares Street and First Street	170,000	0.0%	-
Storm Drain Facility Upgrade - 1234 W. Eighth Street	175,000	30.1%	52,675
Storm Drain Improvements - 1257 Colfax Court	100,000	30.1%	30,100
Storm Drain Improvements - Densmore Street and Alvarado Street	115,000	30.1%	34,615
Storm Drain Improvements - Holt Avenue and Fairplex Drive (N/W Corner)	1,400,000	30.1%	421,400
Storm Drain Improvements - Pavilion Drive and Breon Street	150,000	30.1%	45,150
Storm Drain Inlet Full Capture Trash Devices	-	30.1%	-
Storm Drains - Regional Basins	3,140,000	30.1%	945,140
Storm Drain Study and Improv - Jefferson/Eleanor & McKinley/Palomares	1,500,000	30.1%	451,500
Storm Water Lift Stations Rehabilitation	-	0.0%	-
Total	\$ 9,594,867		\$ 2,799,260

Sources: City of Pomona 2020-21 Adopted Budget, CIP, Table 6.2, Willdan Financial Services.

## Cost per Equivalent Dwelling Unit

This chapter uses the planned facilities approach to calculate the storm drain facilities cost standard. The cost of planned facilities allocated to new development is divided by the growth in EDUs to determine a cost standard per EDU. **Table 6.4** shows the facility cost standard for storm drain facilities.

**Table 6.4: Cost per Equivalent Dwelling Unit**

Project Costs Allocated to New Development	\$ 2,799,260
Growth in EDUs	36,807
Cost per EDU	\$ 76

Sources: Tables 6.2 and 6.3.

## Fee Schedule

The maximum justified fee for storm drain facilities is shown in **Table 6.5**. The City can adopt any fee up to this amount. The cost per EDU from Table 6.4 is converted to a fee per unit of new development based on the EDU factors shown in Table 6.1. The total fee includes a two percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.



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

**Table 6.5: Storm Drain Facilities Impact Fee Schedule**

A		B	C = A x B		D = C x 0.02	E = C + D		F = E / 1,000
Cost Per			Base	Admin		Total	Fee per	
EDU		EDU	Fee <sup>1</sup>	Fee <sup>1,2</sup>		Fee <sup>1</sup>	Sq. Ft.	
<i>Residential - per Dwelling Unit</i>								
Single Family	\$	76	1.00	\$ 76	\$ 2	\$ 78		
Multifamily		76	0.58	44	1	45		
<i>Nonresidential - per 1,000 Sq. Ft. or Hotel Room</i>								
Commercial	\$	76	1.88	\$ 143	\$ 3	\$ 146	\$	0.15
Office		76	2.23	169	3	172		0.17
Industrial		76	2.66	202	4	206		0.21
Institutional		76	1.15	87	2	89		0.09
Hotel Room		76	0.82	62	1	63		0.06

<sup>1</sup> Fee per dwelling unit, per 1,000 square feet of nonresidential building space or hotel room.

<sup>2</sup>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 analysis.

Sources: Tables 6.1 and 6.4.

# 7. Potable and Recycled Water Facilities

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This chapter details an analysis of the need for potable water and recycled water facilities to accommodate growth within the City of Pomona. It documents a reasonable relationship between new development and a water connection fee to fund water facilities that serve new development. It uses a buy-in approach to allocating the cost of excess capacity in the water and recycled water systems to new development.

## Current Water System Asset Valuation

In this case, Replacement New Cost Less Depreciation (RCNLD) is the appropriate method to determine the current value of the water systems. RCNLD is a commonly used method, and it is often preferred to alternative methods such as Original Cost Less Depreciation (OCLD), Original Cost (OC), and Replacement Cost (RC) because of its better reflection of the system's value in today dollars. Unless the systems that have depreciated significantly due to lack of replacement and repair, RCNLD is more defensible because the replacement cost is inflation-adjusted to recover the cost of replacing that capacity in current dollars. RCNLD also accounts for depreciation and consequently address the fact that the system reflects its current condition.

The City provided original cost records for the fixed assets of the utility systems as of fiscal year-end 2020 (June 30, 2020). The City's asset inventory also identified the current depreciation for every asset. Original costs were adjusted to replacement cost new using the Construction Cost Index (CCI). Replacement cost new is the estimated expected cost of a similar facility constructed today. The Construction Cost Index is based on an average of costs among 20 cities and is published by the Engineering News Record.

**Table 7.1** summarizes the City's current water and recycled water system asset valuations.

**Table 7.1: Current Water System Asset Valuation**

	Original Cost	Replacement Cost New	Accumulated Depreciation	Replacement Cost New Less Depreciation
<i>Potable Water Component</i>				
Land	\$ 6,157,278	\$ 6,157,278	\$ -	\$ 6,157,278
Treatment	23,120,314	36,588,322	6,005,888	30,582,434
Reservoirs	29,226,257	90,977,984	13,332,361	77,645,624
Potable Water Lines	59,056,467	267,823,881	36,340,033	231,483,848
Wells	13,511,427	28,599,416	2,639,642	25,959,774
Booster Pumps	2,442,143	7,001,412	911,030	6,090,381
Treatment equipment	1,943,361	3,404,085	1,895,566	1,508,518
Meters	630,940	1,044,222	617,246	426,976
Total	\$ 136,088,187	\$ 441,596,599	\$ 61,741,767	\$ 379,854,833
<i>Recycled Water Component</i>				
Reclaimed Well	\$ 37,372	\$ 731,647	\$ 33,390	\$ 698,257
Reclaimed Pumping	504,920	1,083,516	130,419	953,098
Reclaimed Transmission	1,315,102	4,838,379	684,679	4,153,700
Reclaimed Meter	14,295	39,623	14,295	25,328
Reclaimed Reservoir	698,873	2,173,459	402,752	1,770,707
Total	\$ 2,570,562	\$ 8,866,624	\$ 1,265,534	\$ 7,601,091
Grand Total	\$ 138,658,749	\$ 450,463,224	\$ 63,007,300	\$ 387,455,923

Sources: Pomona Adjusted Depreciation Schedule - June 30, 2020; ENR Construction Cost Index; Willdan Financial Services.

## Adjusted System Valuation

The City's water enterprise has \$80.5 million in outstanding debt principal. This amount represents debt that ratepayers will pay back through monthly service charges on an ongoing basis, so this amount is subtracted from total asset value in calculating the total to be recovered as a buy-in component. Subtracting the outstanding debt principal from the current asset valuation yields the total adjusted system value. This calculation is shown below in **Table 7.2**.

**Table 7.2: Adjusted System Valuation Calculation**

Water Asset Valuation	\$ 379,854,833
<i>Outstanding Debt Principal</i>	
Series BE	\$ 32,355,000
Series BF	48,160,000
Total - Principal	\$ 80,515,000
Net Valuation	\$ 299,339,833

Sources: City of Pomona; Table 7.1, Willdan Financial Services.

## Fee per Gallon per Day

Every impact fee consists of a dollar amount, representing the value of facilities, divided by a measure of demand. In this case, buy-in fees are first calculated as the adjusted system value per gallon per day (GPD). Then these amounts are translated into fees per housing unit (fee per unit) and employment space (fee per 1,000 square feet or hotel room) by multiplying the cost per GPD by the flow generation rate for each land use category. These amounts become the fee schedule.

The calculation of the buy-in fee per GPD for potable water facilities and recycled water facilities, respectively, is shown in **Table 7.3**. The City provided the potable water system's production capacity, and the recycled water system's availability capacity, which are 17.4 million and 3.7 million gallons per day, respectively. The adjusted system value divided by the total capacity of each system yields the facilities impact fee per gallon per day of \$17.22, for potable water facilities and \$2.05 for recycled water facilities.

**Table 7.3: Buy-in Fee per GPD**

<i>Potable Water Component</i>	
Total Adjusted System Value	\$ 299,339,833
System Production Capacity (Gallons per Day)	17,379,000
Fee per GPD	\$ 17.22
<i>Recycled Water Component</i>	
Total System Value	\$ 7,601,091
System Availability Capacity (Gallons per Day)	3,700,000
Fee per GPD	\$ 2.05

Sources: City of Pomona; Table 7.2, Willdan Financial Services.

## Fee Schedule

The maximum justified fee for potable water facilities is shown in **Table 7.4**. The fee per GPD is converted to a fee per unit of new development based on the GPD flow generation factors provided by the City and also shown in Table 7.4. The total fee includes an administrative charge to fund costs that include: (1) a standard overhead charge applied to all City programs for legal, accounting, and other departmental and citywide administrative support, (2) capital planning, programming, project management costs associated with the share of projects funded by the facilities fee, and (3) fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Note that for recycled water facilities, the City will calculate the impact fee on a case-by-case basis using the \$2.05 per GPD fee identified in Table 7.3 using each project's estimate of irrigation water demands required as a part of its development application. Project's that do not have separate irrigation needs will not be charged the recycled water facilities impact fee.

**Table 7.4: Maximum Justified Water Connection Impact Fee Schedule**

	A	B	C = A x B	D = C x 0.02	E = C + D	E / 1,000
	Cost Per GPD	GPD	Base Fee <sup>1</sup>	Admin Charge <sup>1, 2</sup>	Total Fee <sup>1</sup>	Fee per Sq. Ft.
<b>Potable Water Component</b>						
<i>Residential - per Dwelling Unit<sup>3</sup></i>						
Less than 500 square feet	\$ 17.22	138	\$ 2,376	\$ 48	\$ 2,424	
500 to 749 square feet	17.22	160	2,751	55	2,806	
750 to 999 square feet	17.22	195	3,358	67	3,425	
1,000 to 1,499 square feet	17.22	240	4,133	83	4,216	
1,500 to 1,999 square feet	17.22	260	4,482	90	4,572	
2,000 to 2,499 square feet	17.22	270	4,649	93	4,742	
2,500 to 2,999 square feet	17.22	283	4,869	97	4,966	
3,000 to 3,999 square feet	17.22	294	5,063	101	5,164	
<i>Nonresidential - per 1,000 Sq. Ft. or Hotel Room</i>						
Commercial	\$ 17.22	23	\$ 396	\$ 8	\$ 404	\$ 0.40
Office	17.22	100	1,722	34	1,756	1.76
Industrial	17.22	50	861	17	878	0.88
Institutional	17.22	185	3,186	64	3,250	3.25
Hotel Room	17.22	100	1,722	34	1,756	1.76

Note: GPD = Gallons per Day.

<sup>1</sup> Fee per dwelling unit, per 1,000 square feet of nonresidential building space or per hotel room.

<sup>2</sup> 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.

<sup>3</sup> Assumes 75 gallons per capita per day multiplied by the occupancy density factors from Table 2.2.

Sources: City of Pomona; Tables 2.2 and 7.3, Willdan Financial Services.

## 8. Sewer Facilities

This chapter details an analysis of the need for sewer system facilities to accommodate growth within the City of Pomona. It documents a reasonable relationship between new development and a sewer connection fee to fund sewer facilities that serve new development. It uses a buy-in approach to allocating the cost of excess capacity in the system to new development.

### Current Sewer System Asset Valuation

In this case, Replacement New Cost Less Depreciation (RCNLD) is the appropriate method to determine the current value of the sewer systems. RCNLD is a commonly used method, and it is often preferred to alternative methods such as Original Cost Less Depreciation (OCLD), Original Cost (OC), and Replacement Cost (RC) because of its better reflection of the system's value in today dollars. Unless the systems that have depreciated significantly due to lack of replacement and repair, RCNLD is more defensible because the replacement cost is inflation-adjusted to recover the cost of replacing that capacity in current dollars. RCNLD also accounts for depreciation and consequently address the fact that the system reflects its current condition.

The City provided original cost records for the fixed assets of the utility systems as of fiscal year-end 2020 (June 30, 2020). The City's asset inventory also identified the current depreciation for every asset. Original costs were adjusted to replacement cost new using the Construction Cost Index (CCI). Replacement cost new is the estimated expected cost of a similar facility constructed today. The Construction Cost Index is based on an average of costs among 20 cities and is published by the Engineering News Record.

**Table 8.1** summarizes the City's current sewer system asset valuation.

**Table 8.1: Current Sewer System Asset Valuation**

	Original Cost	Replacement Cost New	Accumulated Depreciation	Replacement Cost New Less Depreciation
<i><u>Sewer Facilities</u></i>				
Land	\$ 228,184	\$ 228,184	\$ -	\$ 228,184
Transmission	49,556,862	236,626,852	23,168,877	213,457,975
Total	\$ 49,785,046	\$ 236,855,036	\$ 23,168,877	\$ 213,686,159

Sources: Pomona Adjusted Depreciation Schedule - June 30, 2020; ENR Construction Cost Index; Willdan Financial Services.

### Adjusted System Valuation

The City's sewer enterprise has nearly \$24 million in outstanding debt principal. This amount represents debt that ratepayers will pay back through monthly service charges on an ongoing basis, so this amount is subtracted from total asset value in calculating the total to be recovered as a buy-in component. Subtracting the outstanding debt principal from the current asset valuation yields the total adjusted system value. This calculation is shown below in Table 8.2.

**Table 8.2: Adjusted System Valuation Calculation**

Asset Valuation	\$ 213,686,159
<i><u>Outstanding Debt Principal</u></i>	
Series BB	\$ 8,425,000
Series BD	2,830,000
Series BH	12,740,000
Total	\$ 23,995,000
Net Valuation	\$ 189,691,159

Sources: City of Pomona; Table 8.1, Willdan Financial Services.

## Fee per Gallon per Day

Every impact fee consists of a dollar amount, representing the value of facilities, divided by a measure of demand. In this case, buy-in fees are first calculated as the adjusted system value per gallon per day (GPD). Then these amounts are translated into fees per housing unit (fee per unit) and employment space (fee per 1,000 square feet or hotel room) by multiplying the cost per GPD by the flow generation rate for each land use category. These amounts become the fee schedule.

The calculation of the buy-in fee per GPD for sewer facilities is shown in **Table 8.3**. The City provided the sewer system's production capacity, which is 11 million gallons per day. The adjusted system value divided by the total capacity of the system yields the facilities impact fee per gallon per day of \$17.24 for sewer facilities.

**Table 8.3: Fee per GPD**

Total Adjusted System Value	\$ 189,691,159
System Flow Capacity (Gallons per Day)	11,000,000
Fee per GPD	\$ 17.24

Sources: City of Pomona; Table 8.2, Willdan Financial Services.

## Fee Schedule

The maximum justified fee for sewer facilities is shown in **Table 8.4**. The fee per GPD is converted to a fee per unit of new development based on the GPD flow generation factors provided by the City and also shown in Table 8.4. The total fee includes an administrative charge to fund costs that include: (1) a standard overhead charge applied to all City programs for legal, accounting, and other departmental and citywide administrative support, (2) capital planning, programming, project management costs associated with the share of projects funded by the facilities fee, and (3) fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

**Table 8.4: Maximum Justified Sewer Connection Impact Fee**

	A	B	C = A x B	D = C x 0.02	E = C + D	E / 1,000
	Cost Per GPD	GPD	Base Fee <sup>1</sup>	Admin Charge <sup>1, 2</sup>	Total Fee <sup>1</sup>	Fee per Sq. Ft.
<i><u>Residential - per Dwelling Unit<sup>3</sup></u></i>						
Less than 500 square feet	\$ 17.24	138	\$ 2,379	\$ 48	\$ 2,427	
500 to 749 square feet	17.24	160	2,754	55	2,809	
750 to 999 square feet	17.24	195	3,362	67	3,429	
1,000 to 1,499 square feet	17.24	240	4,138	83	4,221	
1,500 to 1,999 square feet	17.24	260	4,487	90	4,577	
2,000 to 2,499 square feet	17.24	270	4,655	93	4,748	
2,500 to 2,999 square feet	17.24	283	4,875	98	4,973	
3,000 to 3,999 square feet	17.24	294	5,069	101	5,170	
<i><u>Nonresidential - per 1,000 Sq. Ft. or Hotel Room</u></i>						
Commercial	\$ 17.24	23	\$ 397	\$ 8	\$ 405	\$ 0.41
Office	17.24	100	1,724	34	1,758	1.76
Industrial	17.24	50	862	17	879	0.88
Institutional	17.24	185	3,189	64	3,253	3.25
Hotel Room	17.24	100	1,724	34	1,758	1.76

Note: GPD = Gallons per Day.

<sup>1</sup> Fee per dwelling unit, per 1,000 square feet of nonresidential building space or per hotel room.

<sup>2</sup> 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.

<sup>3</sup> Assumes 75 gallons per capita per day multiplied by the occupancy density factors from Table 2.2.

Sources: City of Pomona; Tables 2.2 and 8.3, Willdan Financial Services.



# 9. Implementation

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## Impact Fee Program Adoption Process

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

## Inflation Adjustment

The City can keep its impact fee program up to date by periodically adjusting the fees for inflation. Such adjustments should be completed regularly to ensure that new development will fully fund its share of needed facilities. We recommend that the California Construction Cost Index (<https://www.dgs.ca.gov/RES/RESOURCES/Real-Estate-Services-Division-Resources-List-Folder/DGS-California-Construction-Cost-Index-CCCI>) be used for adjusting fees for inflation. The California Construction Cost Index is based on data from the Engineering News Record and is aggregated and made available for free by the State of California.

The fee amounts can be adjusted based on the change in the index compared to the index in the base year of this study (2020).

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

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

## Reporting Requirements

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

**Table 9.1** summarizes the annual and five-year reporting requirements identified in the *Mitigation Fee Act*.

**Table 9.1: Mitigation Fee Act - Annual and Five-year Administrative Requirements**

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

<sup>1</sup> Edited for brevity. Refer to the government code for full description.

Sources: California Government Code §6601 and §6606.

## Programming Revenues and Projects with the CIP

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

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

# 10. Mitigation Fee Act Findings

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

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

## Purpose of Fee

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

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

## Use of Fee Revenues

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

Fees documented in this report, if enacted by the City, would be used to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City's sphere of influence. Fees addressed in this report have been identified by the City to be restricted to funding the following facility categories: roadways, traffic signals, public safety facilities, parks and recreation facilities, storm drains, potable water facilities, recycled water facilities, and sewer facilities.

## Benefit Relationship

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

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

## Burden Relationship

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

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

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

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

## Proportionality

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

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

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



**KEYSER MARSTON ASSOCIATES™**  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

## MEMORANDUM

**ADVISORS IN:**  
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Affordable Housing  
Economic Development

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**SAN DIEGO**  
Paul C. Marra

**To:** Anita Gutierrez, Development Services Director  
City of Pomona

**From:** Kathleen Head

**Date:** April 5, 2021

**Subject:** Impact Fee Analysis

At your request, Keyser Marston Associates, Inc. (KMA) reviewed the March 26, 2021 draft "Development Impact Fee" prepared by Willdan Financial Services (Willdan). The purpose of the KMA analysis is to provide the City of Pomona (City) with a perspective on the impact fees that can be supported by residential development on a financially feasible basis.

### CONTEXT

The Willdan study was prepared in accordance with the requirements imposed by Government Code Section 66000 et seq., which is otherwise known as the Mitigation Fee Act or AB 1600. The Willdan study applied a nexus analysis approach to estimate the increased need for roadway improvements, public safety facilities, and infrastructure improvements that are created by new development. Willdan prepared cost estimates for the needed improvements and then translated the costs into the maximum development impact fees the City can legally impose on new development.

It is important to understand that the maximum legally supported development impact fee derived from the Willdan nexus study may not represent financially feasible fee amounts. The nexus analysis should be coupled with financial feasibility tests to create a balance between the demonstrated needs and the amounts that can feasibly borne by development in Pomona.

## PURPOSE OF THE ANALYSIS

The Willdan nexus study presents the results of nexus studies for the following development impact fees:

1. Roadway and highway facilities;
2. Traffic signals and control devices;
3. Public safety improvements;
4. Park and recreation improvements;
5. Water facilities;
6. Sewer facilities; and
7. Storm drain improvements.

The City currently charges fees for the first six categories of facilities. The storm drain improvements fee represents a new fee category. KMA estimates that the impact fees that are currently charged by the City represent a small fraction of the impact fee amounts supported by the Willdan nexus analysis.<sup>1</sup> Given the magnitude of the increase it is appropriate to treat the nexus based fee amounts as entirely new fees.

The purpose of the KMA analysis is to assist the City in adopting development impact fees that balance the City's needs against the potential for constraining development opportunities. The KMA analysis provides an estimate of the total development impact fee amount that can be feasibly supported. How the total amount is allocated across the seven categories is a policy decision for the City to make.

## ANALYSIS

Impact fees are costs borne by development projects that do not increase a project's value. The natural reaction from the development community is to reduce the price they are willing to pay to acquire land in order to mitigate the additional project cost

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<sup>1</sup> KMA estimates that the impact fees that are currently being imposed by the City equal approximately 3% to 5% of the fees supported by the Willdan nexus analysis.

burden. However, the offsetting reaction is that many property owners are reluctant to accept the fact that the value of their land has decreased, and they defer selling the property until prices increase. While impact fees typically represent a small amount of a project's total budget, if they are set at too high a level they can constrain development in a community.

It may seem appropriate to set impact fees at the amounts charged in other communities. However, this strategy does not take into account differences in land costs and project values. A good way to create a consistent comparison is to evaluate the impact fee amount as a percentage of a project's total value.

KMA estimated the impact fees charged for residential units in three cities located in Los Angeles County that also have Inclusionary Housing programs. This is an important feature of a consistent comparison since Inclusionary Housing requirements also impact the economic characteristics of residential development projects.

The following table summarizes the results of the comparative analysis:

Fee Comparison – Multifamily Residential Projects			
	Total Impact Fee Per Unit <sup>2</sup>	Estimated Market Value Per Unit <sup>3</sup>	Impact Fee as a Percentage of Value
Pomona:			
Willdan Nexus Study	\$28,828	\$370,800	7.8%
Claremont	\$8,340	\$369,700	2.3%
Pasadena	\$35,028	\$868,800	4.0%
Glendale	\$21,828	\$560,400	3.9%

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<sup>2</sup> The average unit size is set at 1,400 square feet.

<sup>3</sup> Based on the city wide median sales price per square foot of condominiums constructed after 2015.



As can be seen in the preceding table, when the impact fees are measured as a percentage of value, the fees supported by the Willdan nexus study are significantly higher than the impact fees charged any of the other cities. Moreover, the total dollar amount of the legally supportable impact fees is higher than the fees currently being charged in both Claremont and Glendale.

## FINDINGS

It is important to reiterate that the impact fees derived from the Willdan nexus study represent the maximum amounts that can legally be justified. It is also important to note that the impact fees actually charged by jurisdictions are typically lower than the maximum legally allowable amounts.

The goal of not constraining development opportunities should represent a primary consideration in establishing the impact fee amounts to be charged by the City. To that end it is important to consider financial feasibility in the decision making process. It is KMA's opinion that the impact fees should not be set any higher than 4.0% of value, and likely should be set closer to 2.5% of value. This equates to \$9,300 to \$14,800 per unit.

The evaluation of the five types of commercial development for which impact fees are applied by the City is outside of KMA's analysis scope. However, it is clear that the fees supported by the Willdan nexus study are significantly higher than the amounts being currently being charged by the City. If the City has a goal of attracting future commercial development, it is KMA's opinion that the impact fees should be set at significantly lower amounts than the \$9.02 to \$23.91 per square foot of building area that are supported by the Willdan nexus study.