



Development Impact Fee Nexus Study and Ordinance

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Background

- The City has operated a DIF program since incorporation adopting ordinances and nexus studies conducted by the County
- Development Impact Fees or DIF, are used to defray the cost of “public facilities” required to serve development projects
- DIF are charged to all developments ranging from an expansion of an existing home, to a new housing development, to the development of any new commercial enterprise
- Public Facilities include:
 1. Bike and Pedestrian
 2. Road/Rail Transportation
 3. Public Administration
 4. Library
 5. Fire Facilities
 6. Storm Drain
- DIF’s are charged by way of the “Mitigation Fee Act”
- To implement a DIF, City must show a nexus through a Nexus Study
- The City has operated a DIF program since incorporation adopting ordinances and nexus studies conducted by the County

What Is A Development Impact Fee?

- ▶ One-time charge for capital facilities
 - Imposed at building permit stage
 - Imposed on all development projects within a defined geographic area
 - Only for public facilities needed to serve growth
- ▶ A DIF is not:
 - A funding source for operating costs
 - A special tax or special assessment
 - Subject to Proposition 218 approval requirements

Advantages & Disadvantages of DIFs

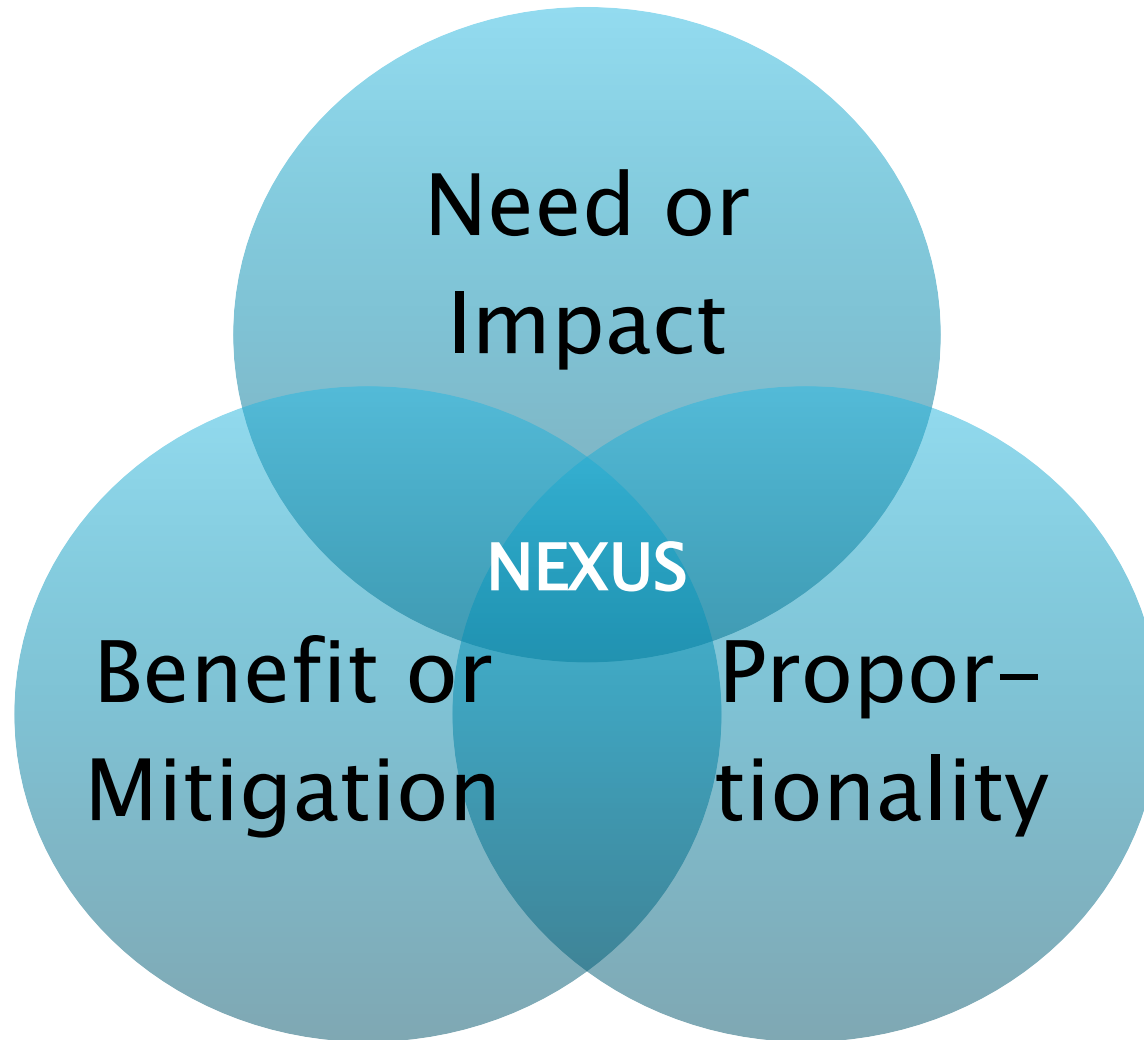
► Advantages

- Spread costs for citywide or regional facilities:
 - Across large areas
 - Over long periods of time
 - When land ownership is fractured
- Only need governing board approval

► Disadvantages

- Fee level must be related to impact
- Can't secure debt financing
- Facilities funded incrementally (pay-as-you-go)
- Can't use for O&M

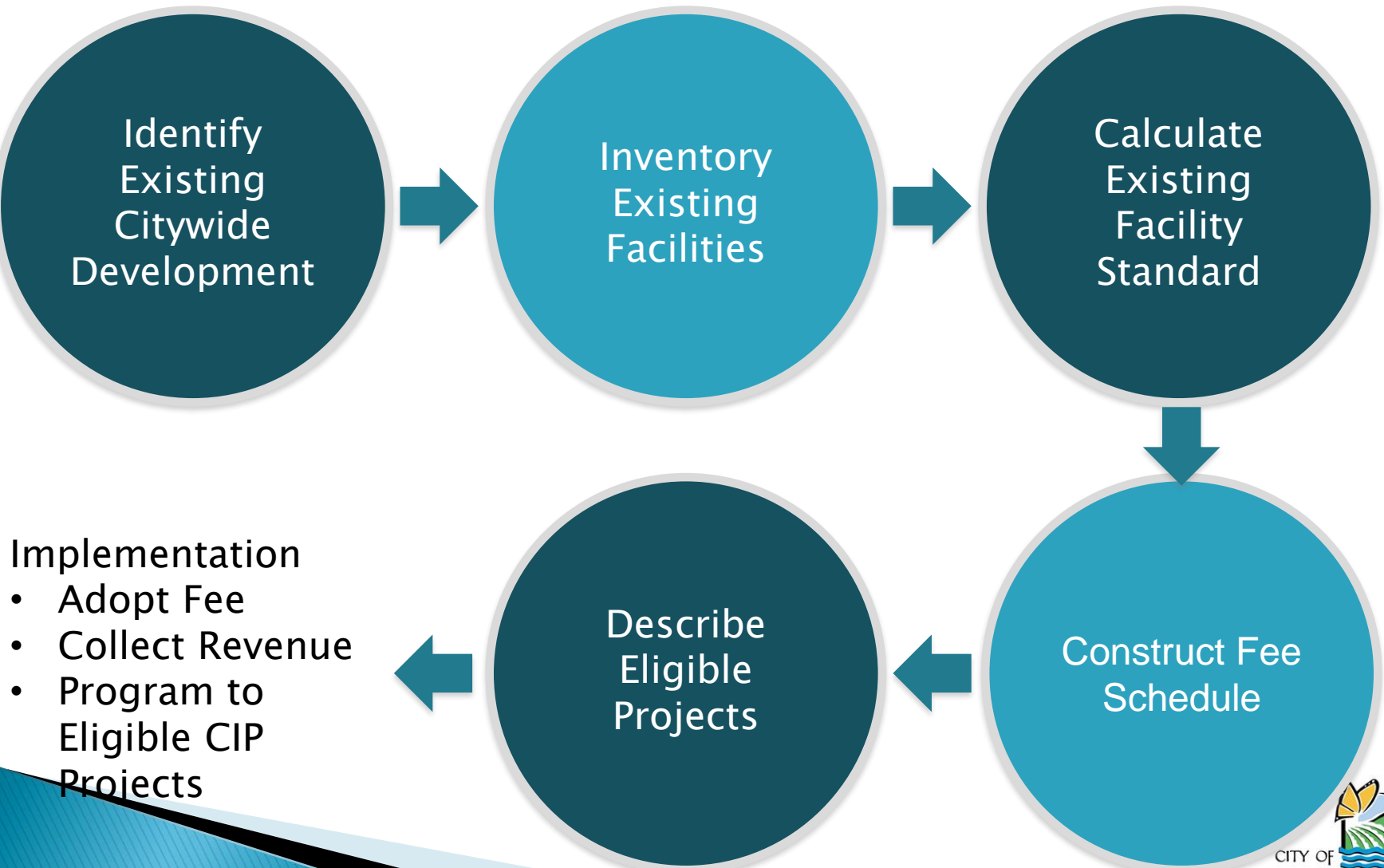
Legal Principles



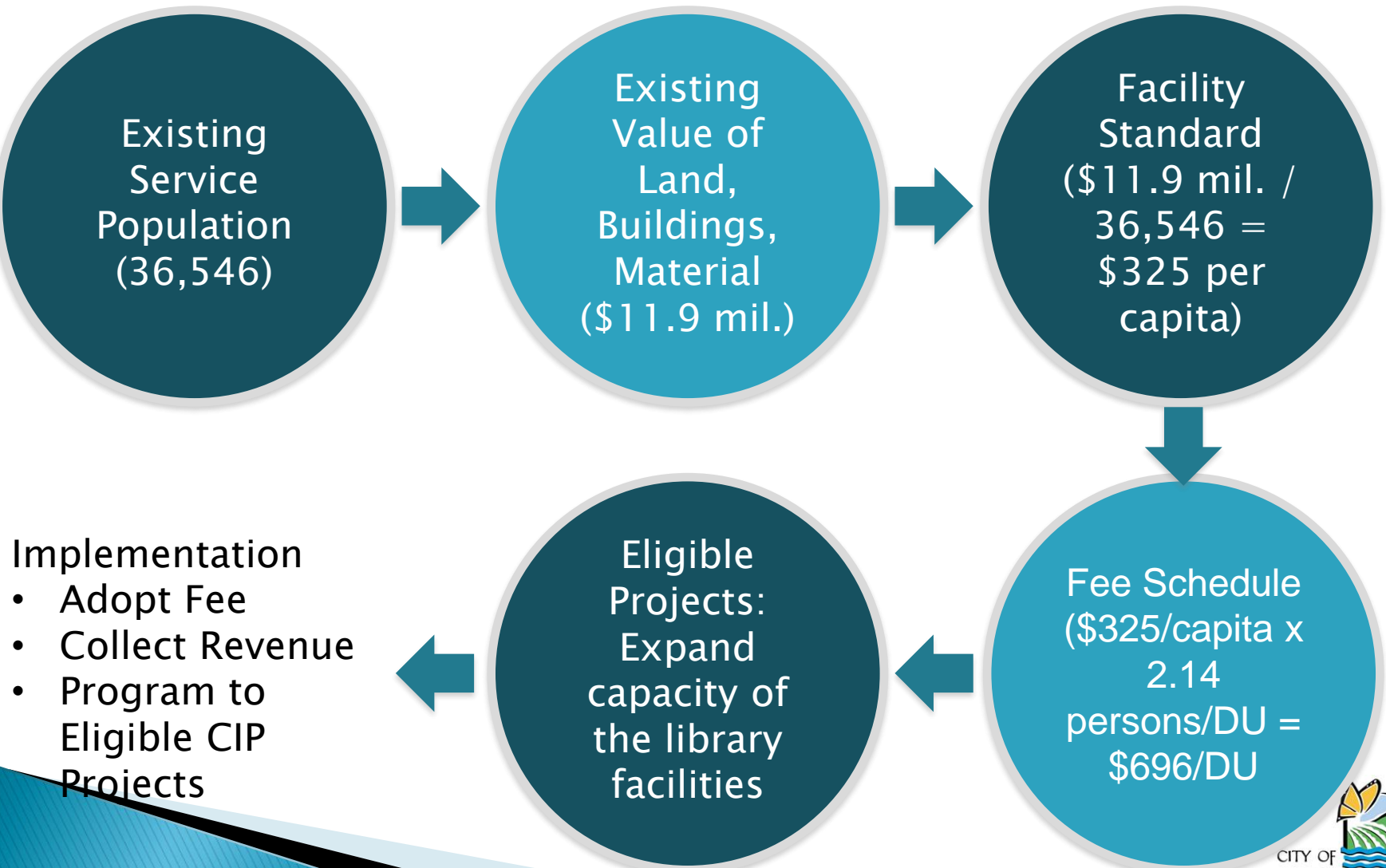
Proposed Fee Program Changes

| Current Fee | Proposed Fee | Notes |
|---|------------------------|---|
| Public Administration | Public Administration | Public administration fee updated and integrates police facilities |
| Police | | |
| Fire | Fire | Special district fee not updated |
| Library | Library | Fee updated |
| Parks and Recreation ¹ | Parks and recreation | Fee updated |
| Transportation | Transportation | Transportation fee updated; bike and pedestrian facilities funded by a new separate fee |
| | Bicycle and Pedestrian | |
| Flood Control | Storm Drain | Fee updated to focus on need for expanded storm drain facilities |
| ¹ Includes Quimby Act parkland dedication in-lieu fee. | | |

Nexus Analysis – Except Trans.



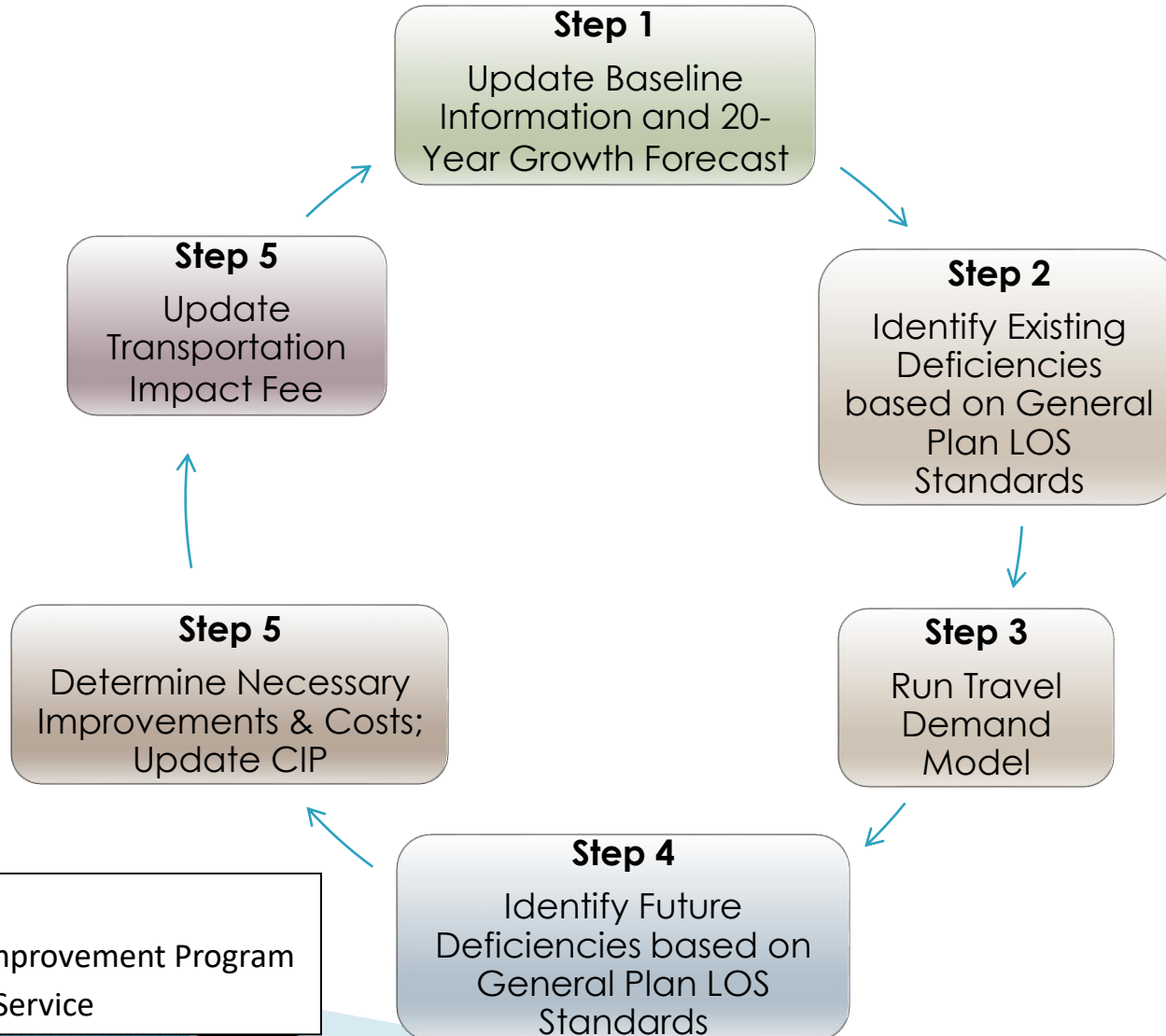
Example – Libraries



Growth Projections (Buildout)

| Land Use | Existing (2018) | Buildout | Growth (% Buildout) | |
|--|--------------------|--------------|------------------------|------------|
| Residential (dwelling units) | | | | |
| Single Family Detached | 5,439 | 6,106 | 667 | 11% |
| All Other Residential | <u>6,582</u> | <u>9,826</u> | <u>3,244</u> | <u>33%</u> |
| Total Dwelling Units | 12,021 | 15,932 | 3,911 | 25% |
| Non-residential (1,000 sq. ft.) | | | | |
| Retail / Commercial | 3,212 | 4,570 | 1,358 | 30% |
| Office & Medical | 2,959 | 4,989 | 2,030 | 41% |
| Industrial | <u>6,607</u> | <u>7,561</u> | <u>954</u> | <u>13%</u> |
| Total Bldg. Sq. Ft. (1,000s) | 37,188 | 52,155 | 14,967 | 29% |

Transportation Impact Fee Development Process

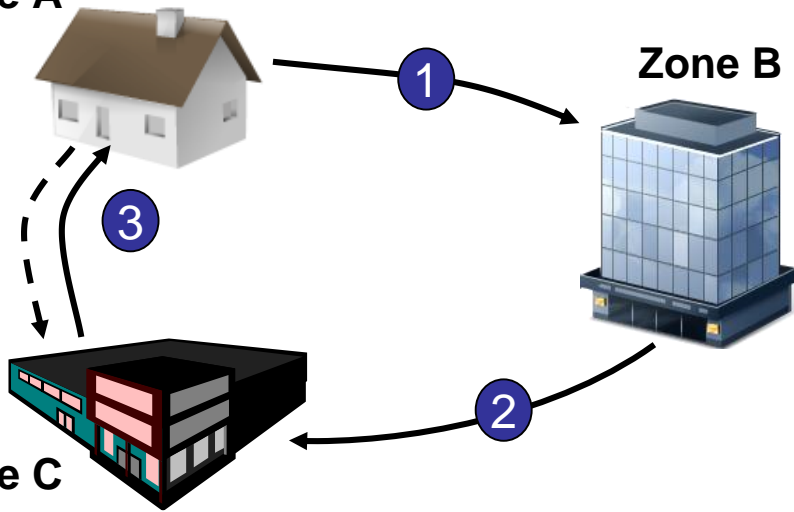


Travel Modeling

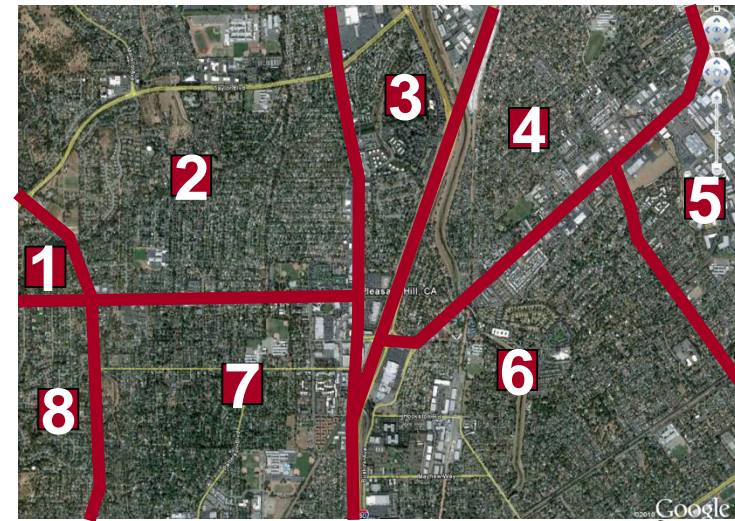
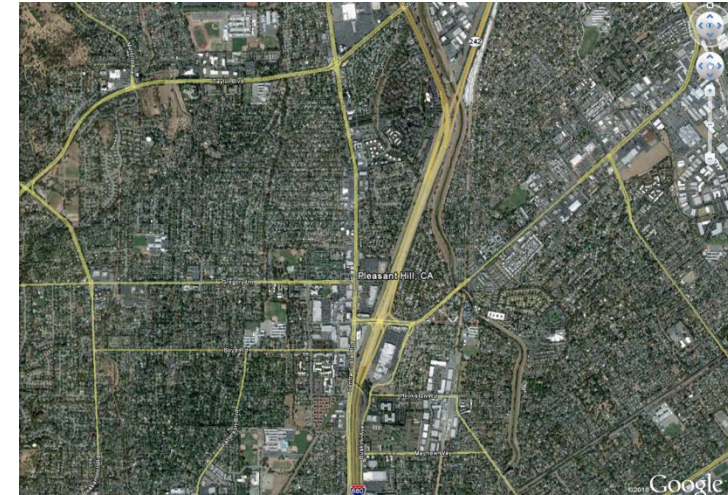
Zone A

Zone B

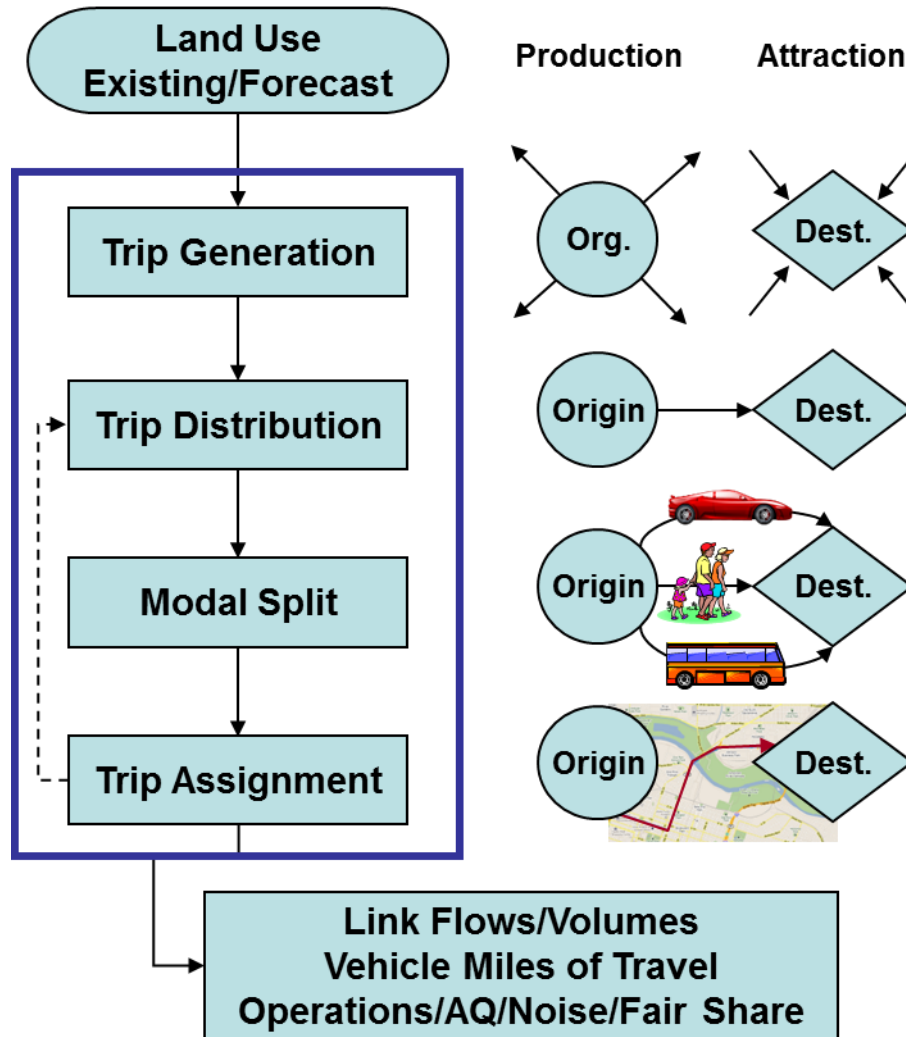
Zone C



| Trip | Trip Purpose | Production | Attraction |
|------|--------------|------------|------------|
| 1 | HB Work | Zone A | Zone B |
| 2 | NHB | Zone B | Zone C |
| 3 | HB Shop | Zone A | Zone C |



Travel Modeling



Existing & Proposed Fees

All Residential except Single Family

Fee per dwelling unit

| Fee | Existing | Proposed | Change | |
|-----------------------|----------|----------|-----------|--------|
| Public Administration | \$1,672 | \$2,238 | \$566 | 34% |
| Police | \$429 | \$0 | (\$429) | (100%) |
| Library | \$379 | \$696 | \$317 | 84% |
| Parks | \$8,412 | \$7,947 | (\$465) | (6%) |
| Storm Drain | \$0 | \$2,609 | \$2,609 | NA |
| Transportation | \$10,948 | \$7,487 | (\$3,461) | (32%) |
| Bicycle & Pedestrian | \$0 | \$2,243 | \$2,243 | NA |
| Fire | \$840 | \$840 | \$0 | 0% |
| Total | \$22,680 | \$24,060 | \$1,380 | 6% |

Existing & Proposed Fees Office

Fee per 1,000 square feet

| Fee | Existing | Proposed | Change | |
|-----------------------|-----------------|-----------------|------------------|--------------|
| Public Administration | \$1,111 | \$655 | (\$456) | (41%) |
| Police | \$574 | \$0 | (\$574) | (100%) |
| Library | \$252 | \$203 | (\$49) | (19%) |
| Parks | \$2,582 | \$2,525 | (\$57) | (2%) |
| Storm Drain | \$0 | \$2,671 | \$2,671 | NA |
| Transportation | \$26,092 | \$17,808 | (\$8,284) | (32%) |
| Bicycle & Pedestrian | \$0 | \$656 | \$656 | NA |
| Fire | \$1,060 | \$1,060 | \$0 | 0% |
| Total | \$31,671 | \$25,578 | (\$6,093) | (19%) |

Existing & Proposed Fees

Total Revenue

\$ millions

| Fee | Existing | Proposed | Change | |
|-----------------------|----------------|----------------|------------------|--------------|
| Public Administration | \$26.8 | \$27.6 | \$0.7 | 3% |
| Police | \$9.7 | \$0.0 | (\$9.7) | (100%) |
| Library | \$6.1 | \$8.6 | \$2.5 | 41% |
| Parks | \$106.8 | \$101.6 | (\$5.2) | (5%) |
| Storm Drain | \$0.0 | \$49.5 | \$49.5 | NA |
| Transportation | \$624.3 | \$426.1 | (\$198.2) | (32%) |
| Bicycle & Pedestrian | \$0.0 | \$27.6 | \$27.6 | NA |
| Fire | NA | NA | NA | NA |
| Total | \$773.7 | \$641.0 | (\$132.7) | (17%) |

Why Changes in Fee Amounts?

| | |
|---------------------------------|--|
| Public Administration | Burden shifted from non-residential to residential. Little change in total revenue. |
| Police | Fee terminated because no existing facility standard. Future facilities could be included in public administration fee. |
| Library | Burden shifted from non-residential to residential. Increased revenue due to higher existing standard associated with new library. |
| Parks | Similar fee levels due to similar facility standards. Little change in total revenue. |
| Storm Drain | New fee. |
| Transportation | Constructed some improvements; fewer improvement needs relative to growth; separated out bike/ped. component |
| Bicycle & Pedestrian | New fee. Partially offsets decline in transportation fee. |



Questions

The New City DIF Ordinance

- The New City DIF Ordinance is different from the adopted County Ordinance
- Fees in the County Ordinance that are maintained in the New City Ordinance:
 1. Road/Rail Transportation
 2. Public Administration
 3. Library
 4. Fire Facilities
 5. Parks and Recreation
- Fees in the County Ordinance that are eliminated and NOT in the New City Ordinance:
 1. Flood Control Fee
- Fees in the County Ordinance that ADDED in the New City Ordinance:
 1. Bicycle and Pedestrian
 2. Storm Water

Ordinance Content

The content of the New DIF Ordinance includes:

- Definitions
- List of the Fees
- Explanation of the fee trigger
- Explanation of Beneficial Projects
- Explanation of Protest protocol
- Explanation of how DIF funds will be used by the City
- Explanation of Fee Credits

Questions

Back Up Slides

Analysis Tools – Then and Now

| Modeling Approach | Existing Fee | Update Fee |
|-----------------------------------|---------------------------------|--|
| Software | TMODEL2 | VISUM |
| Model Validation Year | 1998 | 2013-15 |
| Forecast Horizon | 2013 | 2035 |
| Land Use Growth Projection | 1998-2013 (85-90% Build-Out) | 2018-2035 (Build-Out) |
| Modeling Domain | Goleta Valley | Goleta Valley |
| Fee – Geographic Scope | Goleta Valley | City of Goleta (See Map 1) |
| Model Trip Generation | ITE Trip Generation 6th Edition | ITE Trip Generation 10 th Edition |
| Pass-by Trip Reduction | ITE 6th Edition | SANDAG Pass-by Rates |
| Intersection Operational Method | Circular 212 | ICU Method |
| Segment LOS | County ADT Thresholds | City ADT Thresholds (same) |
| Fair Share: Existing Deficiencies | Not Documented | Existing Deficiencies Addressed |

Why Changes in Transportation Fee?

| | |
|-----------------------------------|---|
| Growth Projections | Current fee: County General Plan Updated fee: City General Plan |
| Growth Horizon | Current fee: 15 yrs. (1998–2013) Updated fee: 20 yrs. (2015–2035) |
| Geographic Scope | Current fee: Goleta Valley Planning Area Updated fee: Incorporated city boundaries |
| Analysis Tools | Current fee: County Traffic Model Updated fee: Goleta Traffic Model |
| Alternative Transportation | Current fee: 20% set aside plus 13 County transit capital improvements Updated fee: No set aside because of new bike & ped. fee (see next slide); only includes City transit facilities (Goleta Train Depot) |
| Construction Costs | Current Fee: 1999 base year; inflation adjusted Updated Fee: 2018 base year |

Updated Transportation Fee Vs. New Bicycle & Pedestrian Fee

- ▶ Update Transportation Fee: includes bike & ped. projects that are part of roadway improvements (sidewalk, bike class II, III & IV)
- ▶ New Bike & Ped. Fee: includes all bike & ped. projects not otherwise funded by Transportation Fee