CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date:	July 15, 2008
To:	Honorable Mayor & City Council
From:	Anne Browning McIntosh, AICP, Interim Director of Community Development David Reyes, Senior Planner
Subject:	Development Impact Fees
Attachments:	Draft Development Impact Fee Study

INTRODUCTION

On August 1, 2006, the City Council authorized a professional services contract to Munifinancial, Inc., for the preparation of a Development Impact Fee Study aimed at identifying and resolving policy issues on impact fee areas, identifying existing development and future growth, calculating facility standards, determining potential facility needs and costs and identifying funding and financing alternatives. The analysis described in this report represents an inter-departmental collaboration involving staff from Police, Fire, Public Works, Library, Information Technology and Finance.

It is recommended that the City Council direct staff to prepare an ordinance to establish and implement a development impact fee program, consistent with the requirements of the Mitigation Fee Act, contained in California Government Code Sections 66000 through 660025.

DISCUSSION

Overview of Public Facilities Fees

Development impact fees, (sometimes referred to as public facilities fees) are charges imposed on both residential and non-residential development that place demand on public infrastructure. In principle, where development increases the demands on infrastructure, the City would recover that development's fair share of the cost of improvements needed to address its increased demand on municipal facilities. Such fees have been collected by cities as early as the 1920s as "exactions" and evolved in the 1950s as "capital recovery fees". However, over the last 30 years, as taxpayer

initiatives have resulted in a decline in revenue for infrastructure, more and more California Cities have established fees to fund public facilities.

The changing fiscal landscape in California during the past 30 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

- The passage of a series 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 funding.

Rather than requiring existing residents to pay for infrastructure expansion that serves future development, jurisdictions throughout California have adopted a policy of "development pays its own way." This policy shifts the burden of funding infrastructure expansion from existing rate and taxpayers onto new development.

The primary policy objective of a development impact fee program is to ensure that new development pays the capital costs associated with development. To fulfill this objective, it is important to review and update any adopted fee program periodically to incorporate the most reliable and up to date information.

Fee Study

The policy of the City is that new development will not burden existing development with the cost of public facilities required to accommodate development. The purpose of establishing a Development Impact Fee program is to implement this policy by providing a funding source from new development for capital improvements to serve that new development.

It is the City's intent that the costs representing future development's share of facilities and improvements be imposed on that development in the form of a Development Impact Fee. The public facilities and improvements recommended for inclusion in the City's Development Impact Fee program are divided into the following fee categories:

- Transportation/Streets
- Library Facilities;
- Water; and
- Wastewater;

Methodology

At its core, a development impact fee program quantifies how much it will cost to provide a City's desired level of service to its future population and then distributes this cost evenly to new development. A facility standards analysis is employed to calculate the cost of providing a certain level of service and the number of future residents and workers are estimated to some future year or planning horizon.

Future Growth

Dwelling unit data is taken from the Southern California Association of Governments (SCAG) reports. The 2007 population estimates are based on dwelling units from the SCAG and the City's density estimates. Current and future employment figures were based on data from the SCAG growth forecast. Estimates of existing development and projections of growth in the Fee Study are used as follows:

- Estimates of total development at the 2012 planning horizon are used to determine the total amount of public facilities required to accommodate growth, and to allocate those costs on a per unit basis, for example costs per capita.
- Estimates of growth from 2007 to 2012 are used to allocate to new development its fair share of total planned facility needs.

The population and employment estimates are identified in the table below. The relatively small increase in overall population is attributable to the "built-out" nature of the City.

Demographic Assumptions

	2007	2012	Increase
Residents	36,041	36,596	555
Dwelling Units			
Single Family	5,991	6,065	74
Multi-Family	10,108	10,235	127
Total	16,099	16,300	201
Employment			
Commercial			
Regional Retail	1,103	1,146	43
Other Retail/Service	829	861	33
Low Rise Office	21,284	22,120	836
High Rise Office	9,815	10,200	386
Hotel/Motel	3,570	3,710	140
Industrial			
R & D/Flex Space	987	1,025	39
Light Manufactoring	2,033	2,113	80
Heavy Manufactoring	19,144	19,897	752
Warehouse	43	45	2
Total	58,807	61,118	2,311

The demographic assumptions identified in the table above are based on data from Southern California Association of Government, Department of Finance and the City and assume that the percentage of residents, employees and housing units by land use remains constant and are the result of a preliminary analysis by Munifinancial.

Facility Standards

A facility standard is a measurable service provided by a city to its residents and represents a policy that indicates the amount of facilities required to accommodate service demand. Examples of facility standards include the number of books contained in a City's library, or the number of libraries a city maintains. Facility standards may also be expressed in monetary terms such as the replacement value of facilities per capita, such as the cost to replace a road.

There are several commonly accepted approaches to determining a facility standard. The Fee Study uses the existing inventory method to determine facility standards for, transportation and library facilities. Fees for water and wastewater facilities are based on the master plan method. A brief explanation of each follows

Existing Inventory Method - uses a facility standard based on the ratio of existing facilities to the existing development. Under this approach new development funds the expansion of facilities at the same standard currently serving existing development.

Master Plan Method - calculates the standard based on the ratio of all existing plus planned facilities to total future demand (existing and new development). This method is used when (1) the local agency anticipates increasing its facility standard above the existing inventory standard discussed above, and (2) planned facilities are part of a system that benefit both existing and new development.

Public Facilities Fee Program

The table below summarizes the possible public facilities fees based on the report prepared by Munifinancial. As identified in Table E.2 at page 8 of the attached report the proposed commercial fees are further broken down by type, such as hotel, high rise office and retail. As indicated, a slightly variable fee is associated with each of the uses, due to the varying intensity of each use. Similarly, there are variable fees associated with different industrial type land uses. For the purposes of this report, the average of these fees has been taken.

POSSIBLE DEVELOPMENT IMPACT FEES – PRELIMINARY ANALYSIS

Land Use	Library	Streets	Water[1]	Wastewater[2]	Total
Residential *(Fee per Square Foot)*					
Single Family	$0.68	$0.81	Based on meter size	Based on meter size	**$1.49/SF**
Multi-family	$0.69	$1.13	Based on actual meter size	Based on meter size	**$1.82/SF**
Nonresidential (Fee per Square Foot)					
Commercial	$0.59	$5.85	Based on actual meter size	Based on meter size	**$6.44/SF**
Industrial	$0.38	$2.31	Based on meter size	Based on meter size	**$2.69/SF**

[1]Fee based on actual meter size, a median 2" meter size would result in a fee of approximately $18,000

[2]Fee based on actual meter size, a median 2" meter size would result in a fee of approximately $6,000

Based on the fees in the fees identified above, a new 3,500 square foot home would be subject to development impact fees in the amount of $5,215.00 (assuming the home does need a new water or sewer meter). Similarly, a 20,000 square foot office building would be subject to fees in the amount of $128,800.00 without the need for a new sewer or water meter.

It should be noted that a credit for existing development will be provided. For example in the case of the new 3,500 square foot single family home above, only the amount of net new square footage would be subject to the impact fees. In other words, if that home were proposed on an existing lot that was improved with a 1,500 square foot home, only 2,000 square feet of the new house would be subject to fees. Similarly a credit would be given for existing commercial square footage in the case of commercial development. Finally, it should be noted that the development impact fee program would also likely contain an administrative fee which may be approximately 1 to 2 percent of the fee, as allowed by state law.

As indicated above, these fees are based on a preliminary analysis of the cost of new facilities to accommodate future development through 2012 and the purpose of the fees is to ensure that *new* development pays it fair share cost of infrastructure

Based on the above fees and the demographic assumptions identified herein, the projected annual revenue from the proposed Impact Fees is approximately $650,000.00 which represents anticipated growth times the proposed fee amount. Changes in the fee and/or differences in growth would impact this amount.

NEXT STEPS

With Council's direction, staff will prepare an ordinance to establish a public facilities fee program consistent with the Mitigation Fee Act, contained in California Government Code Sections 66000 through 660025. It is anticipated that this ordinance will be brought before the Council in August of this year.

FISCAL IMPACT

Should the Council adopt a public facilities fee ordinance, fees would be established to require that new development pay a "fair share" cost in order for the City to provide public facilities and capital improvements to support future development within the City of Beverly Hills.

RECOMMENDATION

It is recommended that the City Council direct staff to prepare an ordinance establishing a development impact fee program along with an appropriate fee resolution for future consideration.

Alternatively, the Council may direct staff, under a new consultant contract and at additional cost, to revise the attached report and re-evaluate the preliminary fees based on specific policy direction. Further, the Council may direct staff not to proceed with the preparation of an ordinance to establish and implement a development impact fee program.

Anne Browning McIntosh, AICP
Approved By

DRAFT FOR DISCUSSION PURPOSES ONLY

PUBLIC FACILITIES FEE STUDY

CITY OF BEVERLY HILLS

JULY 2008

DRAFT REPORT

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EXECUTIVE SUMMARY

This report summarizes an analysis of the need for public facilities and capital improvements to support future development within the City of Beverly Hills through 2012. It is the City's intent that the costs representing future development's share of these facilities and improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this update to the City's public facilities fee program are divided into the following fee categories listed below:

- Library Facilities;
- Transportation;
- Wastewater Facilities;
- Water Facilities;

Background and 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. To fulfill this objective public agencies should review and update their fee programs periodically to incorporate the best available information. The primary purpose of this report is to adjust fees to incorporate current facility plans to serve a 2012 service population.

The City should review and update this report and the calculated fees approximately once every five years to incorporate the best available information.

The City imposes public facilities fees under authority granted by the *Mitigation Fee Act*, contained in *California Government Code* Sections 66000 through 660025. This report provides the necessary findings required by the *Act* for adoption of the revised fees presented in the fee schedules contained herein.

Development Projections

This study uses dwelling unit data provided by the Southern California Association of Governments (SCAG). The 2007 population estimates are based on dwelling units from the SCAG data multiplied by the City's density assumptions shown below. Current and future employment figures were based on data from the SCAG growth forecast. The development projections used in this analysis are summarized in **Table E.1**.

Table E.1: Demographic Assumptions

	2007	2012	Increase
Residents [1]	36,041	36,596	555
Dwelling Units [1,3]			
Single Family	5,991	6,065	74
Multi-Family	10,108	10,235	127
Total [2]	16,099	16,300	201
Employment [1,4]			
Commercial			
Regional Retail	1,103	1,146	43
Other Retail/Service	829	861	33
Low Rise Office	21,284	22,120	836
High Rise Office	9,815	10,200	386
Hotel/Motel	3,570	3,710	140
Industrial			
R & D/Flex Space	987	1,025	39
Light Manufactoring	2,033	2,113	80
Heavy Manufactoring	19,144	19,897	752
Warehouse	43	45	2
Total	58,807	61,118	2,311
Building Square Feet (000s) [5]			
Commercial			
Regional Retail	555	573	18
Other Retail/Service	417	431	14
Low Rise Office	5,363	5,530	167
High Rise Office	2,473	2,550	77
Hotel/Motel	2,159	2,226	67
Industrial			
R & D/Flex Space	503	513	10
Light Manufactoring	1,412	1,479	67
Heavy Manufactoring	7,760	7,959	199
Warehouse	43.3	45	2
Total	20,686	21,306	620

[1] Southern California Association of Goverments (SCAG)

[2] Assumes percentage of residents by land use remains constant.

[3] Assumes percentage of housing units by land use remains constant.

[4] Assumes percentage of employees by land use remains constant.

[5] Based on employment by land use and occupant density shown in Table 2.1.

Sources: Southern California Association of Governments; Department of Finance; City of Beverly Hills; MuniFinancial.

Facility Standards and Costs of Growth

This fee analysis uses standards based on city policy to determine the cost of facilities required to accommodate growth for public facilities. A standard for each facility category considered in this study is derived from the City's facility plans for 2012. Depending on the level of the policy, the City currently may or may not have sufficient facilities to serve existing development. If the City's existing facilities are below standard, then a deficiency exists. In this case, the portion of the cost of planned facilities associated with correcting the deficiency must be allocated to funding sources other than the fee. Public facilities fees can only fund planned facilities needed to accommodate new development at the adopted standard.

The master plan standard for library, water and wastewater facilities is calculated based on all existing and projected new development, and all existing and planned facilities designed to serve that development. The standard represents the average per capita cost of all facilities required to serve the entire service population (existing and new). The key variable affecting the standard is the amount and cost of planned facilities. Types of facility standards and their application in specific situations are discussed below. This section concludes with a description of how facility standards are used in the current study.

Using a per capita facility standard ensures an equitable distribution of the cost of planned facilities between existing and new development.

The City must distinguish between planned facilities needed to accommodate growth and planned facilities that serve existing residents and businesses. New development can only fund its fair share of planned facilities. Fair share is based on application of the same facility standard to both new and existing development. The types of public facilities funded by these fees are each part of a citywide network or system of facilities. As a result, it is not possible to determine what portion of each public building, whether existing or planned, serves existing development or growth. To ensure compliance with the law, the City must ensure that there is a reasonable relationship between new development, the amount of the fee, and facilities funded by the fee.

Fees for transportation facilities are based upon the existing facilities standard. The existing facilities uses a facility standard based on the ratio of existing facilities to the existing service population. Under this approach new development funds 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. Only the initial facilities to be funded with fees are identified in the fee study. Future facilities to serve growth are identified through an annual capital improvement plan and budget process.

Fee Schedules and Revenues

The key public policy issues in public facility fee studies are (1) the identification of facility standards for each category of facilities in a fee program and (2) the measurement of growth which generates the service demand.

A facility standard is a public policy that states the amount of facilities required per unit of new development to accommodate the increased service demand. Examples of facility standards include park acres per capita (resident or worker). Standards also may be expressed in monetary terms such as the total cost of facility investments per capita.

To measure existing development and future growth, we use population and employment, also identified as residents and workers, respectively. We use these measures because numbers of residents and workers are reasonable indicators of the level of demand for public facilities. The City builds public facilities primarily to serve these populations and, typically, the greater the population the larger the facility required to provide a given level of service.

Since a fee can not be applied directly to each person as they become a new resident or worker of the City, this measure of demand is then converted to a resident or employee density per square foot of new development and the fee is collected through the development process. Historically fees may have been applied on a per unit basis although there are certain inequalities when utilizing this formula since a 5,000 sq ft home would pay the same level of fees as a 1,000 sq ft home, although the larger home has the capacity for more residents and more demand on the City's facilities. As such, a fee per square foot is the most equitable method for allocation of the facilities cost.

The following **Table E.2** summarizes the schedule of maximum justified public facilities fees based on the analysis contained in this report as calculated based on a fee per square foot. **Table E.3** summarizes the estimated public facilities fee as calculated, based on an estimated building square feet. This amounts are shown for comparison purposes only, actual fees will be applied on a per square foot basis for development. **Table E.4** summarizes the estimated water and wastewater fees as calculated, based on meter size.

Table E.2: Proposed Public Facilities Fee Summary (Land Use-Based Fees)

Land Use	Library	Transportation/ Streets	Water[1]	Wastewater[1]	Total
		(fee per sq. ft)			
Residential					
Single Family	$0.68	$0.81			$1.49
Multi-Family	$0.69	$1.13			$1.82
		(fee per sq. ft)			
Nonresidential					
Commercial					
Regional Retail	$0.42	$2.70			$3.13
Other Retail/Service	$0.42	$6.20			$6.62
LowRise Office	$0.84	$6.10			$6.94
High Rise Office	$0.84	$5.35			$6.19
Hotel/Motel	$0.35	$8.30			$8.65
Industrial					
R&D/Flex Space	$0.42	$3.34			$3.76
Light Manufacturing	$0.30	$1.81			$2.11
Heavy Manufacturing	$0.52	$1.81			$2.33
Warehouse	$0.21	$2.09			$2.30

[1]Water and wastewater fees are based on the meter size. See Table E.4 for a complete fee schedule.
Sources: Tables 3.4, 4.4, 5.4, and 6.4 MuniFinancial

Table E.3: Estimated Public Facilities Fee Summary

Land Use	Estimated Building Sq Ft	Library	Transportation /Streets	Water[1]	Wastewater[1]	Total
	(fee per unit, based on estimated building square foot, except water and wastewater)					
Residential						
Single Family	3,500	$2,380	$2,835			$5,215
Multi-Family	2,000	$1,380	$2,260			$3,640
	(fee per 1,000 building square feet, except water and wastewater – based on meter size)					
Nonresidential						
Commercial						
Regional Retail	1,000	$420	$2,700			$3,120
Other Retail/Service	1,000	$420	$6,200			$6,620
LowRise Office	1,000	$840	$6,100			$6,940
High Rise Office	1,000	$840	$5,350			$6,190
Hotel/Motel	1,000	$350	$8,300			$8,650
Industrial						
R&D/Flex Space	1,000	$420	$3,340			$3,760
Light Manufacturing	1,000	$300	$1,810			$2,110
Heavy Manufacturing	1,000	$520	$1,810			$2,330
Warehouse	1,000	$210	$2,090			$2,300

[1]Water and wastewater fees are based on the meter size. See Table E.4 for a complete fee schedule.

Table E.4: Water and Sewer Impact Fees

Meter Size	Sewer Fee	Water Fee
5/8"	$ 866	$ 2,704
1"	2,164	6,760
1 1/2"	4,328	13,519
2"	6,924	21,630
3"	13,849	43,261
4"	21,639	67,595
6"	43,278	135,190
8"	69,244	216,304

Sources: Table 6.4, and 7.4; MuniFinancial.

1. Introduction and Summary

This report presents an analysis of the need for public facilities to accommodate new development in the City of Beverly Hills. This chapter explains the study approach and summarizes results under the following sections:

- Background and study objectives;
- Public facilities financing in California;
- Organization of the report;
- Facility standards approach; and
- Fee comparison.

Background and 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. To fulfill this objective public agencies should review and update their fee programs periodically to incorporate the best available information. The primary purpose of this report is to adjust fees to incorporate current facility plans to serve a 2012 service population for the City of Beverly Hills.

The City imposes public facilities fees under authority granted by the *Mitigation Fee Act*, contained in *California Government Code* Sections 66000 through 660025. This report provides the necessary findings required by the *Act* for adoption of the revised fees presented in the fee schedules contained herein.

Public Facilities Financing In California

The changing fiscal landscape in California during the past 30 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

- The passage of a series 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 rate 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 approval of property owners and are appropriate when the funded facilities are directly related to the developing property. Development fees, on the other hand, are an appropriate funding source for facilities that benefit all development jurisdiction-wide. Development fees need only a majority vote of the legislative body for adoption.

Organization of the report

The determination of a public facilities fee begins with the selection of a planning horizon and development of 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 are devoted to documenting the maximum justified public facilities fee for each of the following four facility categories:

- Library Facilities;
- Water Facilities
- Wastewater Facilities;
- Transportation

The five statutory findings required for adoption of the proposed public facilities fees in accordance with the *Mitigation Fee Act* (codified in *California Government Code* Sections 66000 through 66025) are summarized in Chapter 9.

Facility Standards Approach

A facility standard is a policy that indicates the amount of facilities required to accommodate service demand. Examples of facility standards include building square feet per capita and park acres per capita. Standards also may be expressed in monetary terms such as the replacement value of facilities per capita. The adopted facility standard is a critical component in determining new development's need for new facilities and the amount of the fee. Standards determine new development's fair share of planned facilities and ensure that new development does not fund deficiencies associated with existing development.

The most commonly accepted approaches to determining a facility standard are described below.

- The **existing inventory method** uses a facility standard based on the ratio of existing facilities to the existing development. Under this approach, new development funds the expansion of facilities at the same rate that existing development has provided facilities to date. By definition, the existing inventory method results in no facility deficiencies attributable to existing

development. To increase facility standards, the jurisdiction must secure funding in addition to development fees.

- The **master plan method** calculates the standard based on the ratio of all existing plus planned facilities to total future demand (existing and new development). This method is used when (1) the local agency anticipates increasing its facility standard above the existing inventory standard discussed above, and (2) planned facilities are part of a system that benefit both existing and new development. Using a facility standard that is higher than the existing inventory standard creates a deficiency for existing development. The jurisdiction must secure non-fee funding for that portion of planned facilities required to correct the deficiency.
- The **planned facilities method** calculates the standard solely based on the ratio of planned facilities to the increase in demand associated with new development. This method is appropriate when planned facilities only benefit new development, such as a sewer trunk line extension to a previously undeveloped area. This method may also be used when there is excess capacity in existing facilities that can accommodate new development. In that case, new development can fund facilities at a standard lower than the existing inventory standard and still provide an acceptable level of facilities.

This study uses the existing inventory method described above to determine facility standards for transportation facilities. Fees for library, water and wastewater facilities are based on the master plan method.

Master Plan Standard

The facility standard for each fee using the master plan method is based on a citywide standard incorporating all existing and planned facilities designed to serve all existing and projected development in 2012. Facility standards are expressed in terms of replacement value per capita.

The master plan facility standard for each fee category represents a policy decision by the City, primarily driven by the list of planned facilities documented in this report. A smaller amount of planned facilities (fewer and/or less costly ones) would result in a lower master plan standard and a lower fee. A larger amount of planned facilities would cause the opposite result. The City has the flexibility to alter the list of planned facilities shown in this report as conditions change. If the overall cost of planned facilities in this report related to the amount of anticipated development is altered significantly then the City should update this fee program to incorporate those changes.

As described above, the master plan method ensures an equitable distribution of planned facility costs between existing and new development. The method ensures that new development is not unfairly burdened should City policy result in a higher per capita standard than the City's existing inventory standard. A higher facility standard creates a deficiency that the City must fund by a source other than public facilities fees. Each fee documented in this report clearly identifies the cost of this deficiency, if any.

Existing Standard

Under the existing standard approach used in this report, for transportation facilities, new development would contribute to the cost of improvements in proportion to the level of investment made to date by existing development. By using the depreciated value of facilities, fee revenues can be used for improvement projects that upgrade and increase the value of the entire system of facilities. New development would add to the existing equity in the City's system of facilities in a proportion to growth in demand. The use of revenues is not limited to a specific project list.

The existing standard is widely used for many types of public facilities fees. Impact fees often rely on this approach. The equity approach allows jurisdictions to add a range of facilities to accommodate growth without having to exactly duplicate existing facilities. For example, rather than build a new branch library, a city may upgrade and expand the library computer system as a better way to accommodate growth by increasing public access to the Internet. This approach ensures new development is treated fairly by requiring contributions to these new facilities only up to the level of investment made by existing development.

2. Growth Projections

This chapter explains how development projections are used to calculate public facilities fees, and summarizes estimates of existing development and projections of growth used for this study. Existing development is estimated for 2007 (as prescribed by DOF), and the planning horizon is 2012.

Use of Growth Projections for Impact Fees

Estimates of existing development and projections of growth are critical assumptions used throughout fee chapters that follow in this report. These estimates are used as follows:

- Estimates of total development at the 2012 planning horizon are used to determine the total amount of public facilities required to accommodate growth, and to allocate those costs on a per unit basis, for example costs per capita.
- Estimates of growth from 2007 to 2012 are used to allocate to new development its fair share of total planned facility needs.

To measure existing development and future growth, we use population and employment, also identified as residents and workers, respectively, for the building-related fee categories. We use these measures because numbers of residents and workers are reasonable indicators of the level of demand for public facilities. The City builds public facilities primarily to serve these populations and, typically, the greater the population the larger the facility required to provide a given level of service.

Service Population

Different types of development use public facilities at different rates in relation to each other, depending on the services provided. In Chapters 3 through 9, a specific service population is identified for each facility type to reflect total demand. The service population weights residential land uses type against nonresidential land uses based on the relative demand for services between residents and workers.

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 used in this analysis are defined below.

- **Single family:** Detached one-family dwelling units; and
- **Multi-family:** All attached single family dwellings such as duplexes and condominiums, plus mobile homes, apartments, and dormitories.
- **Commercial:** All commercial, retail, educational, and hotel/motel development.
- **Office:** All general, professional, and medical office development.
- **Industrial**: All manufacturing and warehouse development.

Some developments may include more than one land use type, such as an industrial warehouse with living quarters (a live-work designation) or a planned unit development with both single and multi-family uses. In these cases the public facilities fee would be calculated separately for each land use type.

The City should have the discretion to impose the public facilities fee based on the specific aspects of a proposed development regardless of zoning. The guideline to use is the probable occupant density of the development, either residents per dwelling unit or workers per building square foot. The fee imposed should be based on the land use type that most closely represents the probable occupant density of the development.

Occupant Densities

Occupant densities ensure a reasonable relationship between the increase in service population and amount of the fee. To do this, they must vary by the estimated service population generated by a particular development project. Developers pay the fee based on the number of additional building square feet, so the fee schedule must convert service population estimates to this measure of project size. This conversion is done with average occupant density factors by land use type, shown in **Table 2.1**.

The residential occupancy density factors shown in the table were provided by the City of Beverly Hills staff and derived from the 2000 Census and from the Department of Finance estimates for January 1, 2007. The nonresidential factors were based on *Employment Density Study Summary Report*, prepared for the Southern California Association of Governments, October 2001 by The Natelson Company. For example, the industrial density factor represents an average for light industrial, heavy industrial, and warehouse uses likely to occur in Beverly Hills.

Table 2.1: Occupant Density

Residential [1]		
Single Family	0.87	Residents per 1,000 square feet
Multi-family	0.88	Residents per 1,000 square feet
Nonresidential		
Commercial		
Regional Retail	2.00	Employees per 1,000 square feet
Other Retail/Service	2.00	Employees per 1,000 square feet
Low Rise Office	4.00	Employees per 1,000 square feet
High Rise Office	4.00	Employees per 1,000 square feet
Hotel/Motel	1.67	Employees per 1,000 square feet
Industrial		
R & D/Flex Space	2.00	Employees per 1,000 square feet
Light Manufactoring	1.43	Employees per 1,000 square feet
Heavy Manufactoring	2.50	Employees per 1,000 square feet
Warehouse	1.00	Employees per 1,000 square feet

1 Citywide the historical average single family home square footage is estimated at 3,500 and the historical average multi family home square footage is estimated at 2,000. These estimates are to reflect the existing inventory of homes, which have contributed historically to the general facilities.

Source: 2000 Census, Tables H31-H33; Natelson Company, City of Beverly Hills, MuniFinancial.

Growth Projections for Beverly Hills

Table 2.2 summarizes the demographic assumptions used in this analysis. The base year for this study is the year 2007 for all categories. The existing facilities in 2007 will make up the existing facilities standard in our study.

The 2007 population estimates are based on DOF projections. Current and future employment figures were based on data from the SCAG growth forecast.

Table 2.2: Demographic Assumptions

	2007	2012	Increase
Residents [1]	36,041	36,596	555
Dwelling Units [1,3]			
Single Family	5,991	6,065	74
Multi-Family	10,108	10,235	127
Total [2]	16,099	16,300	201
Employment [1,4]			
Commercial			
Regional Retail	1,103	1,146	43
Other Retail/Service	829	861	33
Low Rise Office	21,284	22,120	836
High Rise Office	9,815	10,200	386
Hotel/Motel	3,570	3,710	140
Industrial			
R & D/Flex Space	987	1,025	39
Light Manufactoring	2,033	2,113	80
Heavy Manufactoring	19,144	19,897	752
Warehouse	43	45	2
Total	58,807	61,118	2,311
Building Square Feet (000s) [5]			
Commercial			
Regional Retail	555	573	18
Other Retail/Service	417	431	14
Low Rise Office	5,363	5,530	167
High Rise Office	2,473	2,550	77
Hotel/Motel	2,159	2,226	67
Total Commercial	10,968	11,310	342
Industrial			
R & D/Flex Space	503	513	10
Light Manufactoring	1,412	1,479	67
Heavy Manufactoring	7,760	7,959	199
Warehouse	43	45	2
Total Industrial	9,719	9,996	277
Total	20,686	21,306	620

[1] Southern California Association of Goverments (SCAG)

[2] Assumes percentage of residents by land use remains constant.

[3] Assumes percentage of housing units by land use remains constant.

[4] Assumes percentage of employees by land use remains constant.

[5] Based on employment by land use and occupant density shown in Table 2.1.

Sources: Southern California Association of Governments; Department of Finance; City of Beverly Hills; MuniFinancial.

3. LIBRARY FACILITIES

This chapter presents an analysis of the need for libraries and related facilities to accommodate new development in the City of Beverly Hills. A fee schedule is presented based on the cost of these facilities to ensure that new development provides adequate funding to meet its needs.

Service Population

The City's library facilities serve both residents and businesses. Demand for services and associated facilities are based on the City's service population including residents and workers.

Table 3.1 shows the estimated service population for 2007 and 2012 for library facilities. In calculating the service population, workers are weighted less than residents to reflect lower per capita service demand. Absent any local data we assumed a 0.27-weighting factor for workers based on the study "Park and Library EDU Factors", conducted for the City of Phoenix by Hausrath Economics Group from September 1998. Also, as indicated in a range of studies, the factor used by other cities, although similar to the .27 weighting, varies therefore we chose the weighting factor from Phoenix for the allocation of the burden and maintaining a reasonable relationship between the demand for facilities and each land use's proportionate share of the costs. It is our belief that the weighting factor was derived from the most extensive data and most accurately represents the City of Beverly Hills' situation.

Table 3.1: Library Facilities Service Population

	Residents	Workers [1]	Service Population
Existing (2007)	36,041	58,807	51,919
New Development (2007-2012)	555	2,311	1,179
Total (2012)	36,596	61,118	53,098
Weighting factor	1.00	0.27	

1 Based on "Phoenix Park and Library EDU Factors" study, Hausrath Economics Group, September 1998.

Sources: Table 2.1; MuniFinancial.

Facility Inventories, Plans & Standards

The City is presently served through a 92,000 square foot library. The City intends to add facilities at the existing standard as growth occurs.

Table 3.2 summarizes the system standard of the City's current library facility and planned additionally facility to serve new growth.

Table 3.2: Library Existing Standard

	Inventory	Unit Cost	Total Value
Existing Facilities			
Building *(sq. ft.)*	92,000	$ 350	$ 32,200,000
Total Existing Facilities			$ 32,200,000
Total Existing Inventory[1]	312,000	30	$ 9,360,000
Total Existing Facilities			$ 41,560,000
Planned Facilities [2]			
Buildings			
Auditorium & Meeting Room Remodel			$ 1,200,000
Total Planned Facilities			$ 1,200,000
Total Facilities			$ 42,760,000
Total Service Population (2012)			53,098
Cost per Capita			
Facility Standard per Resident			$ 783
Facility Standard per Worker [3]			211

1 Includes Books, Videos, DVDs, CFDs, and CD-ROMs.

2 Planned facilities from City of Beverly Hills FY 07/08 Adopted Budget.

3 Workers are weighted at 0.27 of residents based on "Phoenix Park and Library EDU Factors" study, Hausrath Economics Group, September 1998.

Sources: City of Beverly Hills; MuniFinancial.

Allocation of Facilities Costs to New Development

Table 3.3 presents the allocation of costs for planned facilities between existing and new development. The table shows an estimate of the total costs of facilities associated with new development based on the facility standard shown above in **Table 3.2**.

Table 3.3: New Development Contribution to Library Facilities

Facility Standard Per Capita	$	783
New Development Service Population (2007-2012)		1,179
Total Generated by New Development	$	923,157
Total Cost of Planned Facilities	$	1,200,000
Deficiency To Be Funded By Non-fee Revenue Sources	$	(276,843)

Sources: Tables 2.1 an 3.2; MuniFinancial

The importance of Table 3.3 is the bottom line that shows the share of planned facility costs that must come from revenue sources other than public facilities fees. This amount represents the remainder after allocating to new development its share of those costs. The City can raise the funding needed to complement public facilities fee revenues over the planning horizon (through 2012). This funding is necessary to justify the fee imposed on new development using the master plan standard documented here. If this funding does not materialize, then new development would have paid too high a fee.

Alternative Funding Sources

The City anticipates using existing revenue sources or developing new sources to fund the non-fee share of planned facility costs. Likely potential sources of revenue include existing or new general fund revenues, or existing or new taxes. Any new tax would require two-thirds voter approval. Any new assessments or property-related charge would require majority property owner approval.

In addition, periodic state library grant programs can help to fund the deficiency. However, this does not diminish the need for a well-crafted financing plan

Fee Schedule

Table 3.4 shows the library public facilities fee based on the system plan standard shown in Table 3.2. The cost per capita is converted to a fee per square foot of development based on dwelling unit densities (persons per dwelling unit for residential development) and the historical averages for the size of existing single family and multi-family residence which have contributed to the existing level of service for library facilities. We utilize the resident or employee density per square foot of new development since this represents the level of demand for city facilities, based on the size of the new development. The total fee shown below 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 public facilities fee; and

(3) Public facilities fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

It should be noted that the 2% administrative fee identified below is for discussion purposes only. The final administrative fee would likely be 1 to 3 percent and would be based on actual staff time spent implementing such a program. The fees identified in Tables E.2 and E.3 do not take this administrative fee into account.

Table 3.4: Library Facilities Fee

	A	B	C = AxB	D	E = C+D	F = E/1,000
Land Use	**Costs per Capita**	**Density[1]**	**Cost per Unit[2]**	**Admin[2,3]**	**Total Fee[2]**	**Fee / Sq. Ft.**
Residential						
Single Family	$ 783	0.87	$ 680	$ 14	$ 694	$ 0.69
Multi-family	783	0.88	692	14	706	0.71
Nonresidential						
Commercial						
Regional Retail	$ 211	2.00	$ 422	$ 8	$ 430	$ 0.43
Other Retail/Service	211	2.00	422	8	430	0.43
Low Rise Office	211	4.00	844	17	861	0.86
High Rise Office	211	4.00	844	17	861	0.86
Hotel/Motel	211	1.67	352	7	359	0.36
Industrial						
R & D/Flex Space	211	2.00	422	8	430	0.43
Light Manufactoring	211	1.43	301	6	307	0.31
Heavy Manufactorin	211	2.50	528	11	539	0.54
Warehouse	211	1.00	211	4	215	0.22

[1] Persons per 1,000 square feet.
[2] Fee per 1,000 square feet.
[3] Administrative charge of 2.0 percent

Sources: Tables 2.1 and 4.2; City of Beverly hills; MuniFinancial.

Implementation

This section identifies tasks that the City should complete when implementing the fee programs.

Programming Revenues and Projects with the CIP

The City should update its Capital Improvement Plan (CIP) to program fee revenues to specific projects. Use of the CIP in this manner documents a reasonable relationship between new development and the use of fee revenues.

The City may alter the scope of the planned station and equipment listed in Table 4.2, or substitute new projects, as long as the project continues to represent an expansion of the Department's capabilities. If the total cost of all planned projects varies from the total cost used as a basis for the fee, the City should revise the fee accordingly.

For the five-year planning period of the CIP, the City should allocate all existing fund balances and projected fee revenue to library facilities projects. The City can hold funds in a project account for longer than five years if necessary to collect sufficient funds to complete a project.

Identify Non-fee Revenue Sources

The City must identify non-fee revenue sources to fully fund the planned facilities and justify the maximum public facilities fee. The City should take any actions necessary to secure those funds.

Inflation Adjustment

The City should identify appropriate inflation indexes in the fee ordinance and adopt an automatic inflation adjustment to the fee annually. The City should use separate indexes for land and construction costs. Calculating the land cost index may require use of a property appraiser every several years. The construction cost index can be based on the City's recent capital project experience or taken from any reputable source, such as the *Engineering News Record*. To calculate the fee increases, each index should be weighted by the share of total planned facility costs represented by land or construction, as appropriate.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of *Government Code 66000* et seq. For facilities to be funded with a combination of public facilities fees and other revenues, the City must identify the source and amount of the other revenues. The City must also identify when the other revenues are anticipated to be available to fund the project.

4. WATER CONNECTION FEE ANALYSIS

This chapter presents an analysis of the need for water facilities to accommodate new development in the City of Beverly Hills. A fee schedule is presented based on the cost of these facilities to ensure that new development provides adequate funding to meet its needs.

Equivalent Dwelling Units

Facility standards are used to determine the capacity needed to accommodate development. Consequently, standards provide a reasonable relationship between development and the need for public facilities to serve that development. For purposes of this study, we used typical water consumption patterns to calculate the Dwelling Unit Equivalent (DUE) factors for the various land use types. **Table 4.1** presents the growth projections for the City expressed in residential dwelling units for the residential land use type and in workers and building square feet for the nonresidential land use type. **Table 4.2** presents the DUE conversion by land use. These DUE factors are used to allocate project costs among individual developments because they provide a reasonable estimate of each development's demand for water distribution facilities.

Table 4.1: Demographic Assumptions

	2007	2012	Increase
Residents [1]	36,041	36,596	555
Dwelling Units [1,3]			
Single Family	5,991	6,065	74
Multi-Family	10,108	10,235	127
Total [2]	16,099	16,300	201
Employment [1,4]			
Commercial			
Regional Retail	1,103	1,146	43
Other Retail/Service	829	861	33
Low Rise Office	21,284	22,120	836
High Rise Office	9,815	10,200	386
Hotel/Motel	3,570	3,710	140
Industrial			
R & D/Flex Space	987	1,025	39
Light Manufactoring	2,033	2,113	80
Heavy Manufactoring	19,144	19,897	752
Warehouse	43	45	2
Total	58,807	61,118	2,311
Building Square Feet (000s) [5]			
Commercial			
Regional Retail	555	573	18
Other Retail/Service	417	431	14
Low Rise Office	5,363	5,530	167
High Rise Office	2,473	2,550	77
Hotel/Motel	2,159	2,226	67
Total Commercial	10,968	11,310	342
Industrial			
R & D/Flex Space	503	513	10
Light Manufactoring	1,412	1,479	67
Heavy Manufactoring	7,760	7,959	199
Warehouse	43	45	2
Total Industrial	9,719	9,996	277
Total	20,686	21,306	620

[1] Southern California Association of Goverments (SCAG)
[2] Assumes percentage of residents by land use remains constant.
[3] Assumes percentage of housing units by land use remains constant.
[4] Assumes percentage of employees by land use remains constant.
[5] Based on employment by land use and occupant density shown in Table 2.1.

Sources: Southern California Association of Governments; Department of Finance; City of Beverly Hills; MuniFinancial.

Table 4.2: Water Flow Generation Factors

Land Use Category	Single Family Residential	Multi-Family Residential	Commercial	Industrial	Total
Dwelling Units (DU) / Building Square Feet (000s)	6,065	10,235	11,310	9,996	
Estimated Average Water Demand per DU or per acre (GPD) [1,2]	905.86	528.18	2,000	2,000	
1,000 SF per acre [3]			11.00	15.00	
Estimated Average Water Demand per DU or per 1,000 SF (GPD) [1,2]	905.86	528.18	181.82	133.33	
DUE Factor [1,3]	*1.00*	*0.58*	*0.20*	*0.15*	
Total DUE [4]	**6,065**	**5,968**	**2,270**	**1,471**	**15,774**

[1] "GPD" is gallons per day. "DUE" is dwelling unit equivalent. "SF" is square feet.

[2] Estimated Water Demand determined by multiplying residential density by 300 GPD and industry standards for non residential land uses.

[3] Nonresidential based on floor area ratio (FAR) of 0.25 for Commercial, and 0.35 for Industrial.

[4] DUE Factor calculated by dividing estimated average flow of each land use category by the estimated average flow of the Single Family Residential category.

[5] Total DUE of each land use category calculated by multiplying the DUE Factor of each category by the number of Single Family Residential dwelling units.

Sources: City of Bevely Hills; MuniFinancial.

Fee Schedule

Table 4.3 presents the cost per DUE calculation based on existing and future DUE demand placed on the water system.

Table 4.3: Fee per DUE Calculation

Existing Facilities	$	42,469,000
Existing Vehicles		180,820
Net Project Costs	$	42,649,820
DUEs		15,774
Fee	$	**2,704**

Sources: Tables 6.2 and 2002 City of Beverly Hills Water System Master Plan; MuniFinancial.

The depreciated values of the City's existing water facilities of $42.5 million (**Table 4.3**) are used to develop the water system facility standard. This standard calculates an existing equity per DUE that becomes the standard used in determining the fee. By using the depreciated value of facilities for water, fee revenues can be used for improvement projects that upgrade and increase the value of the entire system of facilities. New development would add to the existing equity in the City's system of facilities in proportion to growth in demand as measured by the increase in the number of DUEs in the City water system. The use of revenues is not limited to a specific project list.

The equity approach allows jurisdictions to add a range of facilities to accommodate growth without having to exactly duplicate existing facilities. For example, rather than build a new reservoir, a City may upgrade and expand the reservoir as a better way to accommodate growth by increasing the capacity. This approach ensures new development is treated fairly by requiring contributions to these new facilities only up to the level of investment made by existing development.

Table 4.4 presents the proposed water connection fee based on meter size.

Table 4.4: Water Impact Fee

Meter Size	AWWA Rated Capacity GPM	AWWA Meter Service Ratio	Fee
5/8"	20	1.0	$ **2,704**
1"	50	2.5	**6,760**
1 1/2"	100	5.0	**13,519**
2"	160	8.0	**21,630**
3"	320	16.0	**43,261**
4"	500	25.0	**67,595**
6"	1,000	50.0	**135,190**
8"	1,600	80.0	**216,304**

Sources: Table 43; MuniFinancial.

Implementation

This section identifies tasks that the City should complete when implementing the fee programs.

Programming Revenues and Projects with the CIP

The City should update its Capital Improvement Plan (CIP) to show the programming of fee revenues to the new fire stations or related facilities. Use of the CIP in this manner documents a reasonable relationship between new development and the use of fee revenues.

For the five-year planning period of the CIP, the City should allocate all existing fund balances and projected fee revenue to expansion projects. The City can hold funds in an account for the new stations longer than five years if necessary to collect sufficient funds to complete the project.

Inflation Adjustment

The City should identify appropriate inflation indexes in the fee ordinance and adopt an automatic inflation adjustment to the fee annually. The City should use separate indexes for land and construction costs. Calculating the land cost index may require use of a property appraiser every several years. The construction cost index can be based on the City's recent capital project experience or taken from any reputable source, such as the *Engineering News Record*. To calculate the fee increases, each index should be weighted by the share of total planned facility costs represented by land or construction, as appropriate.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of *Government Code 66000* et seq. For facilities to be funded with a combination of public facilities fees and other revenues, the City must identify the source and amount of the other revenues. The City must also identify when the other revenues are anticipated to be available to fund the project

5. Wastewater Connection Fee Analysis

This chapter presents an analysis of the need for wastewater facilities to accommodate new development in the City of Beverly Hills. A fee schedule is presented based on the cost of these facilities to ensure that new development provides adequate funding to meet its needs.

Equivalent Dwelling Units

Facility standards are used to determine the capacity needed to accommodate development. Consequently, standards provide a reasonable relationship between development and the need for public facilities to serve that development. For purposes of this study, we used typical wastewater discharges to calculate the Dwelling Unit Equivalent (DUE) factors for each of the various land use types. **Table 5.1** presents the growth projections for the City expressed in residential dwelling units for the residential land use type and in workers and building square feet for the nonresidential land use type. **Table 5.2** presents the DUE conversion by land use. These DUE factors are used to allocate project costs among individual developments because they provide a reasonable estimate of each development's demand for sewer distribution facilities.

Table 51: Demographic Assumptions

	2007	2012	Increase
Residents [1]	36,041	36,596	555
Dwelling Units [1,3]			
Single Family	5,991	6,065	74
Multi-Family	10,108	10,235	127
Total [2]	16,099	16,300	201
Employment [1,4]			
Commercial			
Regional Retail	1,103	1,146	43
Other Retail/Service	829	861	33
Low Rise Office	21,284	22,120	836
High Rise Office	9,815	10,200	386
Hotel/Motel	3,570	3,710	140
Industrial			
R & D/Flex Space	987	1,025	39
Light Manufactoring	2,033	2,113	80
Heavy Manufactoring	19,144	19,897	752
Warehouse	43	45	2
Total	58,807	61,118	2,311
Building Square Feet (000s) [5]			
Commercial			
Regional Retail	555	573	18
Other Retail/Service	417	431	14
Low Rise Office	5,363	5,530	167
High Rise Office	2,473	2,550	77
Hotel/Motel	2,159	2,226	67
Total Commercial	10,968	11,310	342
Industrial			
R & D/Flex Space	503	513	10
Light Manufactoring	1,412	1,479	67
Heavy Manufactoring	7,760	7,959	199
Warehouse	43	45	2
Total Industrial	9,719	9,996	277
Total	20,686	21,306	620

[1] Southern California Association of Goverments (SCAG)

[2] Assumes percentage of residents by land use remains constant.

[3] Assumes percentage of housing units by land use remains constant.

[4] Assumes percentage of employees by land use remains constant.

[5] Based on employment by land use and occupant density shown in Table 2.1.

Sources: Southern California Association of Govemments; Department of Finance; City of Beverly Hills; MuniFinancial.

Table 52: Sewer Flow Generation Factors

Land Use Category	Single Family Residential	Multi-Family Residential	Commercial	Industrial	Total
Dwelling Units (DU) / Building Square Feet (000s)	6,065	10,235	11,310	9,996	
Estimated Average Wastewater Demand per DU or per acre (GPD) [1,2]	679.39	528.18	2,000	2,000	
1,000 SF per acre [3]			11.00	15.00	
Estimated Average Wastewater Demand per DU or per 1,000 SF (GPD) [1,2]	679.39	528.18	181.82	133.33	
DUE Factor [1,3]	*1.00*	*0.78*	*0.27*	*0.20*	
Total DUE [4]	**6,065**	**7,957**	**3,027**	**1,962**	**19,011**

[1] "GPD" is gallons per day. "DUE" is dwelling unit equivalent. "SF" is square feet.

[2] Estimated Wastewater Demand determined by multiplying residential density by 300 GPD and industry standards for non residential land uses. SF residential discharge assumed to be 75% of water consumption.

[3] Nonresidential based on floor area ratio (FAR) of 0.25 for Commercial, and 0.35 for Industrial.

[4] DUE Factor calculated by dividing estimated average flow of each land use category by the estimated average flow of the Single Family Residential category.

[5] Total DUE of each land use category calculated by multiplying the DUE Factor of each category by the number of Single Family Residential dwelling units.

Sources: City of Bevely Hills; MuniFinancial.

Fee Schedule

Table 5.3 presents the cost per DUE calculation based on existing and future DUE demand placed on the wastewater system.

Table 53: Fee per DUE Calculation

Existing Facilities	$	16,455,000
Net Project Costs	$	16,455,000
DUEs		19,011
Fee	$	**866**

Sources: Tables 52 and City of Beverly Hills Sewer Master Plan (prepared by Willdan Associates) ; MuniFinancial.

The depreciated values of the City's existing wastewater facilities of $16.5 million (**Table 5.3**) are used to develop the wastewater system facility standard. This standard calculates an existing equity per DUE that becomes the standard used in determining the fee. By using the depreciated value of facilities for wastewater, fee revenues can be used for improvement projects that upgrade and increase the value of the entire system of facilities. New development would add to the existing equity in the City's system of facilities in proportion to growth in demand as measured by the increase in the number of DUEs in the City wastewater system. The use of revenues is not limited to a specific project list.

The equity approach allows jurisdictions to add a range of facilities to accommodate growth without having to exactly duplicate existing facilities. For example, rather than build a new reservoir, a City may upgrade and expand the reservoir as a better way to accommodate growth by increasing the capacity. This approach ensures new development is treated fairly by requiring contributions to these new facilities only up to the level of investment made by existing development.

Table 5.4 presents the proposed wastewater connection fee based on meter size.

Table 54: Sewer Impact Fee

Meter Size	AWWA Rated Capacity GPM	AWWA Meter Service Ratio	Fee
5/8"	20	1.0	$ 866
1"	50	2.5	2,164
1 1/2"	100	5.0	4,328
2"	160	8.0	6,924
3"	320	16.0	13,849
4"	500	25.0	21,639
6"	1,000	50.0	43,278
8"	1,600	80.0	69,244

Sources: Table 53; MuniFinancial.

Implementation

This section identifies tasks that the City should complete when implementing the fee programs.

Programming Revenues and Projects with the CIP

The City should update its Capital Improvement Plan (CIP) to show the programming of fee revenues to the new fire stations or related facilities. Use of the CIP in this manner documents a reasonable relationship between new development and the use of fee revenues.

For the five-year planning period of the CIP, the City should allocate all existing fund balances and projected fee revenue to expansion projects. The City can hold funds in an account for the new stations longer than five years if necessary to collect sufficient funds to complete the project.

Inflation Adjustment

The City should identify appropriate inflation indexes in the fee ordinance and adopt an automatic inflation adjustment to the fee annually. The City should use separate indexes for land and construction costs. Calculating the land cost index may require use of a property appraiser every several years. The construction cost index can be based on the City's recent capital project experience or taken from any reputable source, such as the *Engineering News Record*. To calculate the fee increases, each index should be weighted by the share of total planned facility costs represented by land or construction, as appropriate.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of *Government Code 66000* et seq. For facilities to be funded with a combination of public facilities fees and other revenues, the City must identify the source and amount of the other revenues. The City must also identify when the other revenues are anticipated to be available to fund the project.

6. TRANSPORTATION FACILITIES

This chapter summarizes an analysis of the need for streets and related transportation facilities to accommodate growth within the City of Beverly Hills. It documents a reasonable relationship between new development and a transportation fee to fund streets and related transportation facilities that serve new development.

Trip Demand

Estimates of existing and new development provide the basis for calculating the transportation facilities fee. Estimates of existing development provide the basis for the facility standard. The facility standard is used to determine the rate at which new development will be required to increase the value of the City's equity in its system of street improvements. Estimates of new development are used to calculate the total amount of fee revenues that would be generated.

The need for transportation improvements is based on the trip demand generated by new development. A reasonable measure of this 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 transportation system because alternate modes of transportation (transit, bicycle, pedestrian) are often substitutes 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 intermediate stops between an origin and a final destination that require no diversion from the route, such as stopping to get gas on the way to work.
- 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.

Table 6.1 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 by the San Diego Association of Governments (SANDAG). 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 in San Diego County. Absent any local data we feel this is the best representation of most southern California cities. The SANDAG trip demand factors are more representative of the City of Beverly Hills than other national data as it is more localized to the California region.

Table 61: Trip Rate Adjustment Factor

	Trip Rate Adjustment Factor						
	Primary Trips[1]	Diverted Trips[1]	Total Excluding Pass-by[1]	Average Trip Length[2]	Adjust-ment Factor[3]	Average Daily Trips[4]	Trip Demand Factor[5]
Residential[6]							
Single Family	86%	11%	97%	7.9	1.04	10	10.40
Multi-family	86%	11%	97%	7.9	1.04	8	8.32
Nonresidential							
Commercial							
Hotel	58%	38%	96%	7.6	0.99	10	9.90
Standard Commercial Office	77%	19%	96%	8.8	1.14	20	22.80
High-rise Commercial Office	82%	15%	97%	10.0	1.31	17	22.27
Other Retail[7]	45%	40%	85%	4.3	0.49	40	19.60
Community Shopping Center	47%	31%	78%	3.6	0.38	80	30.40
Industrial							
R&D	92%	5%	97%	11.7	1.53	8	12.24
Manufactoring/Assembly	92%	5%	97%	12.7	1.66	4	6.64
Warehouse	92%	5%	97%	11.7	1.53	5	7.65

[1] Percent of total trips. Primary trips are trips with no midway stops, or "links". Diverted trips are linked trips whose distance adds at least one mile to the primary trip. Pass-by trips are links that do not add more than one mile to the total trip.

[2] In miles.

[3] The trip adjustment factor equals the percent of non-pass-by trips multiplied by the average trip length and divided by the systemwide average trip length of 7.4 miles.

[4] Trips per dwelling unit or per 1,000 building square feet.

[5] The trip demand factor is the product of the trip adjustment factor and the average daily trips.

[6] Trip percentages, average trip lengths, and average daily trips based on "residential" category. See SANDAG for source, below.

[7] Trip percentages, average trip lengths, and average daily trips for other retail based on "specialty retail/strip commercial" category.

Sources: San Diego Association of Governments, *Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region*, July 1998; MuniFinancial.

Table 6.2 estimates the trip demand generated by existing and new development on the City's system of street improvements between 2007 and 2012. Total trip demand is based on the trip demand factors calculated in **Table 6.2** and the growth estimates in **Table 2.1**. As shown in the table, new development would represent about 3 percent of total trip demand.

Table 6.2: Trip Demand From Existing and New Development

	Trip Demand Factor	Existing	Growth	Existing Trip Demand	Trip Demand From Growth	Total Trip Demand
Residential (units)						
Single Family	10.40	5,991	74	62,303	773	63,076
Multi-family	8.32	10,108	127	84,102	1,053	85,155
Subtotal		16,099	201	146,405	1,827	148,231
Nonresidential (sq. ft.)						
Commercial						
Hotel	9.90	2,159	67	21,373	665	22,037
Standard Commercial Office	22.80	5,363	167	122,273	3,811	126,084
High-rise Commercial Office	22.27	2,473	77	55,081	1,708	56,789
Other Retail	19.60	411	62	8,056	1,215	9,271
Community Shopping Center	30.40	547	82	16,629	2,493	19,122
Industrial						
R&D	12.24	503	10	6,161	119	6,279
Manufactoring/Assembly	6.64	7,760	199	51,527	1,321	52,848
Warehouse	7.65	43	2	331	13	344
Subtotal		19,260	665	281,429	11,344	292,773
Total				427,834	13,171	441,005
Percent of Total				97.0%	3.0%	100%

Source: Tables 2.1 and 8.1; MuniFinancial

Facility Inventories & Standards

The depreciated values of the City's existing transportation facilities of $76.8 million (**Table 6.3**) are used to develop the transportation system facility standard in **Table 6.4**. This standard calculates an existing equity per trip that becomes the standard used in determining the fee. By using the depreciated value of facilities for transportation, fee revenues can be used for improvement projects that upgrade and increase the value of the entire system of facilities. New development would add to the existing equity in the City's system of facilities in proportion to growth in demand as measured by the increase in the number of new trips on the City transportation network. The use of revenues is not limited to a specific project list.

The equity approach allows jurisdictions to add a range of facilities to accommodate growth without having to exactly duplicate existing facilities. For example, rather than build a new road, a City may upgrade and expand the roadway as a better way to accommodate growth by increasing the number of lanes. This approach ensures new development is treated fairly by requiring contributions to these new facilities only up to the level of investment made by existing development.

Table 63: Transportation Facilities Inventory

	Original Cost	Depreciation	Current Value
Depreciated Street System Value			
Streets & Traffic Control Network Infrastructure	$ 116,718,002	$ 39,898,349	$ 76,819,653
Total			$ 76,819,653

Sources: City of Beverly Hills; MuniFinancial

Table 64: Transportation Facilities Standard

Depreciated Street System Value		
Streets & Traffic Control Network	$	76,819,653
Existing Equity	$	76,819,653
Trip Demand (2007)		281,429
Existing Equity Per Trip	$	273

Sources: Tables 8.2 and 8.3; MuniFinancial

Facility Needs and Costs

Table 6.5 shows the costs generated by new development. This table also represents the total revenue that the transportation facilities fee would generate. These revenues should be annually programmed into capital improvement projects and be integrated into a five (5) year Capital Improvement Plan (CIP). These revenues also provide an opportunity to develop and implement a system facility plan.

Table 6.5: Transportation Facilities to Accommodate New Development

		Total
Equity Per Trip	$	273
Trip Demand From Growth (2007-2012)		13,171
Contribution from New Development	$	3,595,683

Sources: Tables 8.2 and 8.6; MuniFinancial.

Fee Schedule

Table 6.6 shows the transportation facilities fees based on the equity per trip calculated in **Table 6.4**. Using the trip demand factors shown in **Table 6.1**, the fees are converted to Square feet for residential and nonresidential development. 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 transportation facilities fee; and

(3) Transportation facilities fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

It should be noted that the 2% administrative fee identified the table below is for discussion purposes only. The final administrative fee would likely be 1 to 3 percent and would be based on actual staff time spent implementing such a program. The fees identified in Tables E.2 and E.3 do not take this administrative fee into account.

Table 6: Transportation Facilities Fee

Land Use	A Equity Per Trip	B Trip Demand Factor	C = AxB Cost per Unit[1]	D Admin[2,3]	E = C+D Total Fee[2]	F = E/3,500 F = E/2,000 Fee / Sq. Ft.[4]
Residential						
Single Family	$ 273	10.40	$ 2,839	$ 57	$ 2,896	$ 0.83
Multi-family	273	8.32	2,271	45	2,316	1.16
Nonresidential						
Commercial						
Hotel	$ 273	9.90	$ 2,703	$ 54	$ 2,757	$ 2.76
Standard Commercial Office	273	22.80	6,224	124	6,348	6.35
High-rise Commercial Office	273	22.27	6,080	122	6,202	6.20
Other Retail	273	19.60	5,351	107	5,458	5.46
Community Shopping Center	273	30.40	8,299	166	8,465	8.47
Industrial						
R&D	273	12.24	3,342	67	3,409	3.41
Manufactoring/Assembly	273	6.64	1,813	36	1,849	1.85
Warehouse	273	7.65	2,088	42	2,130	2.13

[1] Fee per dwelling unit for residential land uses and per 1,000 square feet for nonresidential uses.

[2] Fee per dwelling unit or per 1,000 square feet.

[3] Administrative charge of 2.0 percent

[4] Citywide the historical average single family home square footage is estimated at 3,500 and the historical average multi family home square footage is estimated at 2,000. These estimates are to reflect the existing inventory of homes, which have contributed historically to the general facilities.

Sources: Tables 8.2 and 8.4; City of Beverly Hills; MuniFinancial.

Implementation

This section identifies tasks that the City should complete when implementing the fee programs.

Programming Revenues and Projects with the CIP

The City should update its Capital Improvement Plan (CIP) to show the programming of fee revenues to the new fire stations or related facilities. Use of the CIP in this manner documents a reasonable relationship between new development and the use of fee revenues.

For the five-year planning period of the CIP, the City should allocate all existing fund balances and projected fee revenue to expansion projects. The City can hold funds in an account for the new stations longer than five years if necessary to collect sufficient funds to complete the project.

Inflation Adjustment

The City should identify appropriate inflation indexes in the fee ordinance and adopt an automatic inflation adjustment to the fee annually. The City should use separate indexes for land and construction costs. Calculating the land cost index may require use of a property appraiser every several years. The construction cost index can be based on the City's recent capital project experience or taken from any reputable source, such as the *Engineering News Record.* To calculate the fee increases, each index should be weighted by the share of total planned facility costs represented by land or construction, as appropriate.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of *Government Code 66000* et seq. For facilities to be funded with a combination of public facilities fees and other revenues, the City must identify the source and amount of the other revenues. The City must also identify when the other revenues are anticipated to be available to fund the project.

7. *MITIGATION FEE ACT* FINDINGS

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 maximum justified public facilities fees documented in this report are presented in this chapter and supported in detail by the report that follows. All statutory references are to the *Act*.

Purpose of Fee

For the first finding the City must:

> Identify the purpose of the fee. §66001(a)(1)

The policy of the City of Beverly Hills is that new development will not burden existing development with the cost of public facilities required to accommodate growth. The purpose of the public facilities fees documented by this report is to implement this policy by providing a funding source from new development for capital improvements to serve that development. The fees advance a legitimate interest of the City by enabling the City to provide municipal services to new development.

Use of Fee Revenues

For the second finding the City must:

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

The public facilities fees documented by this report will fund expanded facilities to serve new development. All facilities funded by these fees will serve residents and workers of the City of Beverly Hills. Each public facility fee will be restricted to funding only one of the following types of public facilities:

- Libraries and related facilities;
- Water facilities;
- Wastewater facilities; and
- Transportation facilities.

Detailed descriptions of certain planned facilities, including their specific location if known at this time, are included in master plans, capital improvement plans, or other City planning documents or are available from City staff. The City may change the list of planned facilities to meet changing circumstances and needs, as it deems necessary. The fee program should be updated if these changes result in a significant change in the fair share cost allocated to new development.

Benefit Relationship

For the third finding the City must:

> Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. §66001(a)(3)

The City will restrict fee revenues to the acquisition of land, construction of public buildings, and purchase of related equipment, furnishings, vehicles, and services that serve new development. Public facilities funded by each fee will provide a citywide network of services accessible to the additional residents and workers associated with new development. Fees will not fund planned facilities needed to correct existing deficiencies. Thus, there is a reasonable relationship between the use of fee revenues and the residential and nonresidential types of new development that will pay the fee.

Burden Relationship

For the fourth finding the City must:

> Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed. §66001(a)(4)

The need for each type of facility is based on a facility standard that represents the demand generated by new development for that facility. Service population and trips determine demand for facilities. For each facility type 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. Service population standards are calculated based on residents associated with residential development and employment associated with nonresidential development. To calculate a single per capita standard, one worker is weighted less than one resident based on an analysis of the relative demand between residential and nonresidential development.

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

See the *Growth Projections* chapter for a description of how service population and growth projections are calculated. Facility standards are described the *Facilities, Inventories, Plans and Standards* or *Facilities to Serve Growth* section of each fee chapter.

Proportionality

For the fifth finding the City must:

> Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed. §66001(b)

This reasonable relationship between each public facilities fee for a specific development project and the cost of the facilities attributable to that project is based on the estimated amount of the service population or trips that the project will accommodate. The total fee for a specific project is based on its size as measured by building square feet. The fee schedule converts the estimated service population, trips, or EDU that a development project will accommodate into a fee based on the size of the project. Larger projects of a certain land use type will have a higher service population and pay a higher fee than smaller projects of the same land use type. Thus, the fee schedule ensures a reasonable relationship between the public facilities fee for a specific development project and the cost of the facilities attributable to that project.

See the *Growth Projections* chapter or *Demand* section in each specific chapter for a description of how service population are determined for different types of land uses using occupancy density factors. See the *Fee Schedule* section of each facility chapter for a presentation of the public facilities fee schedule.