



**Board of Directors  
Special Meeting Agenda  
Wednesday, July 30, 2025, 4:00 P.M.  
Scotts Valley City Hall  
One Civic Center Drive, Scotts Valley CA 95066**

Agendas and Board Packets are available on the Scotts Valley Fire Protection District (SVFPD) website at [www.scottsvalleyfire.com](http://www.scottsvalleyfire.com).

Any person who requires a disability-related modification or accommodation in order to participate in a public meeting should make such a request to Mark Correia, Board Secretary, for immediate consideration.

**1. Opening Business**

- 1.1 Call to Order
- 1.2 Roll Call

**2. Public Comment (GC §54954.3)**

This portion of the meeting is reserved for persons wishing to address the Board on any matter that is within the subject matter of the jurisdiction, and either on the agenda or not on the agenda. To ensure fair and equal treatment of all who appear before the Board, and to expedite Agency business, speakers will be limited to three minutes. The three-minute per speaker time limitation may be extended for good cause by the Board President, or by majority vote of the Board Members. Anyone wishing to be placed on the Agenda for a specific topic should contact the Fire Chief's Office and submit correspondence at least 10 days before the desired date of appearance. Any matter that requires Board action will be referred to staff for a report and action at a subsequent Board meeting.

**3. Action Items – Discussion/Action**

- 3.1 Temporary Construction Use License for the La Madrona lot
- 3.2 Impact Fee Nexus Study

**4. Adjournment**

Next Regularly Scheduled Board Meeting: Wednesday, August 13, 2025 at 6:00 p.m.

# TEMPORARY CONSTRUCTION USE LICENSE

## *LA MADRONA SITE*

THIS TEMPORARY CONSTRUCTION LICENSE AGREEMENT (“Agreement”), dated as of 9 of July, 2025 (“Agreement Date”), is made by and between the Scotts Valley Fire Protection District, a California fire protection district organized and existing pursuant to Health and Safety Code section 13800 *et seq.* (“District”), and Pacific Underground Construction, Inc., a California corporation (“Pacific Underground”). The District and Pacific Underground may be referred to herein individually as “Party,” or collectively as “Parties.”

### RECITALS

A. The District is the fee owner of certain real property located in the City of Scotts Valley (“City”), County of Santa Cruz (“County”), State of California, located at 6000 La Madrona Drive, on property identified as Santa Cruz Assessor Parcel No. 021-141-20 (the “District Property”), which is slated for construction of a future fire station.

B. The District has been working with the Scotts Valley Water District (“SVWD”) and Santa Cruz City Water (“City Water”) (collectively, “Water Districts”), who are seeking to construct a pump house and intertie (“Water Project”) within a permanent easement separately granted on the District Property.

C. City Water has contracted with Pacific Underground for the construction of the Water Project, who in turn is seeking to use the District Property as a temporary staging area for the construction of the Water Project.

D. In order to facilitate the completion of the Water Project, Pacific Underground has requested, and the District has agreed to provide, temporary use of the District Property for construction staging, subject to the terms and conditions set forth in this Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the premises and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. **Grant of License.** Subject to the terms and conditions set forth herein, the District hereby grants to Pacific Underground, its employees, agents, contractors,

subcontractors, suppliers, and representatives (collectively, "PU Representatives") the non-exclusive right and license to enter upon, over, across and under the District Property for the purpose of construction staging for the Water Project (hereinafter, "License").

2. **Term.** The term of the License shall commence on August 1, 2025, or on the Agreement Date listed above, whichever is later, and shall terminate on December 31, 2025, unless extended on a month-to-month basis by way of an expressed written acknowledgment from both Parties. Such an acknowledgment may be in the form of e-mails between the Parties confirming such intent to extend this Agreement.

3. **Fee.** In exchange for the use of the District Property as set forth in this Agreement, Pacific Underground shall pay to the District the amount of seven thousand nine hundred dollars (\$7,900), which may be paid in two equal payments, with the first payment due at signing, and the subsequent payment due on October 1, respectively. In the event this License is extended beyond December 31, 2025, if continued use is permitted between the Parties, Pacific Underground shall pay to the District the amount of one-thousand five-hundred and eighty dollars (\$1,580) per month, due at the end of each respective month, pro-rated daily in any final month of use.

4. **Insurance.** Prior to entering on the District Property pursuant to this Agreement, Pacific Underground shall (i) at its sole cost and expense, procure and maintain in full force and effect at all times during the term of this Agreement, a customary commercial general liability insurance policy (Occurrence Form CG 00 01) with combined single limit coverage in an amount not less than \$4,000,000 and property damage limits of at least \$4,000,000, issued by an insurance company qualified to do business in the State of California, and having a Best's rating of not less than A/VII, naming District as an additional insured (at least as broad as CG 20 10 04 13 as respects the District, its board members, officials, officers, employees, and authorized volunteers) with respect to all of Pacific Underground's and PU Representatives' activities in, on and about the District Property, with such policy being primary at least as broad as ISO CG 20 01 04 13, such that any insurance or self-insurance maintained by the District, its board members, officials, employees, and authorized volunteers shall be excess of Pacific Underground's insurance and not contribute with it and (ii) provide District with a certificate of insurance evidencing the existence of such policy and coverage. Pacific Underground agrees and acknowledges that Pacific Underground may not enter onto the District Property unless and until the District has approved an adequate certificate of insurance and, as applicable, endorsements implementing the coverage set forth above, to confirm Pacific Underground's (or its contractor's) insurance coverage.

5. **Use of District Property.**

a. All staging work and services performed by Pacific Underground or the PU Representatives under this Agreement (collectively, the "Work") shall be at no expense to District. Pacific Underground shall perform all Work in compliance with all applicable

federal, state and local laws. Pacific Underground, at its sole cost and expense, shall be responsible for obtaining any and all permits and approvals from any governmental authority which may be necessary for it to perform the Work, and following the completion of the Water Project, reasonably replace or repair any earth, landscaping, and/or improvements displaced by Pacific Underground in the performance of the Work on the District Property to be substantially consistent with the condition of the District Property immediately prior to performance of the Work, except as modified by the Water Project within the separately granted easement. The District shall cooperate with any reasonable request by Pacific Underground for information or assistance in Pacific Underground's efforts to obtain such necessary governmental permits and approvals and/or the performance of the Work.

b. Pacific Underground will not permit any mechanics' liens, materialmen's liens, or other similar liens or claims to stand against the District Property for labor or materials furnished in connection with any Work or other activities performed by Pacific Underground under this Agreement. Upon reasonable and timely written notice of any such lien or claim delivered to Pacific Underground by the District, Pacific Underground may bond and contest the validity and the amount of such lien, but Pacific Underground (a) will promptly pay any judgment rendered; (b) will promptly pay all proper costs and charges arising from the Work and any disputes relating thereto; and (c) will have the lien or claim released at its sole expense. This Section shall survive the expiration or termination of this Agreement.

c. Neither Pacific Underground nor the PU Representatives shall bring, use, store, or dispose of any hazardous materials on the District Property, except for gasoline or oil necessary for the operation of vehicles. Hazardous materials include, but are not limited to, substances defined as hazardous under any local, State, or federal law. Pacific Underground shall comply with all applicable federal, state, and local environmental laws, regulations, and ordinances, including but not limited to the Resource Conservation and Recovery Act (RCRA), the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Clean Water Act (CWA), and the Clean Air Act (CAA). Pacific Underground shall obtain and maintain all necessary environmental permits, approvals, and licenses required for the performance of the Work under this Agreement. Copies of such permits and approvals shall be provided to the District upon request. Upon request by the District, Pacific Underground shall conduct environmental assessments or audits of the District Property to ensure compliance with environmental laws. The cost of such assessments or audits shall be borne by Pacific Underground. In the event of any release of hazardous materials on the District Property caused by Pacific Underground or its representatives, Pacific Underground shall promptly take all necessary actions to remediate such release in accordance with applicable environmental laws and to the satisfaction of the District.

## 6. **Indemnity.**

a. Subject to the terms and conditions of Section 5(b) below, Pacific Underground shall indemnify, defend and hold the District, as well as its directors, officers, officials, employees, and authorized volunteers (collectively, "District Related Parties"), harmless from and against all claims, demands, actions, liabilities, damages, losses, obligations, fines, penalties, costs and expenses, including, without limitation, reasonable attorneys' fees and costs ("collectively, "Claims") asserted against or incurred by District or any District Related Party to the extent arising from (i) any Work performed by, or omissions of, Pacific Underground or a PU Representative on the District Property; (ii) any violation of environmental laws by Pacific Underground or a PU Representatives; (iii) the release or threatened release of hazardous materials on or from the District Property caused by Pacific Underground or a PU Representative; or (iv) any environmental contamination or condition caused by Pacific Underground or a PU Representative, provided that the foregoing indemnity and duty to defend and hold harmless shall not apply to any Claims (i) caused by the sole active negligence or willful misconduct of the District or any District Related Parties, and/or (ii) arising from any existing adverse condition on the District Property discovered or revealed in the course of performing the Work.

b. District and/or any District Related Party (each an "Indemnitee" and collectively, the "Indemnitees") seeking indemnification and defense by Pacific Underground under any provision of this Agreement shall, as a condition thereof, notify Pacific Underground in writing of such request at Pacific Underground's address for notices herein within thirty (30) days after the Indemnitee becomes aware of the indemnifiable matter. The Indemnitees shall, at all times, cooperate reasonably with Pacific Underground in the defense, negotiation, and resolution of such indemnifiable matter. After the Indemnitee gives such notice, Pacific Underground shall be entitled, at Pacific Underground's sole cost and expense, to assume complete and unfettered control and direction of the defense of such action and retain legal counsel selected by Pacific Underground; provided, however, that Pacific Underground shall not enter into any settlement agreement or similar agreement in connection with any indemnifiable matter that could materially and adversely affect the Indemnitee without Indemnitee's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. District acknowledges and agrees that Pacific Underground's defense obligations shall be deemed satisfied if an insurance company is providing the Indemnitee(s) a defense as contemplated herein.

## 7. **Miscellaneous.**

a. Successors and Assigns. The provisions of this Agreement shall bind and inure to the benefit of all successors and assigns of the Parties hereto.

b. No Rights in Public. Nothing herein contained shall be deemed to be a gift or dedication of any portion of the District Property or license Area to or for the general public, it being the intention of the Parties hereto that this Agreement shall be strictly limited to and for the purposes herein expressed.

c. Notices. All notices or other communications required or permitted hereunder to be delivered as communicated from one Party to another shall be in writing, and shall be personally delivered (including by means of professional messenger service), delivered by email or facsimile transmission (provided that a confirming copy is sent by overnight courier or messenger within two (2) business days thereafter), or by recognized overnight courier (e.g., Federal Express) and shall be deemed received upon the date of receipt thereof and addressed as follows:

Pacific Underground:

Pacific Underground Construction, Inc.  
Attn: Thaddeus Michael Corbett, RMO  
1817 Stone Ave.  
San Jose, CA 95125-1311  
Email:

with copy to:

District:

Scotts Valley Fire Protection District  
Attn: Mark Correia, Fire Chief  
7 Erba Lane  
Scotts Valley, CA 95066  
Email: mcorreia@scottsvalleyfire.com

with copy to:

Atkinson, Andelson, Loya, Ruud & Romo  
Attn: Jenica Maldonado, Esq.  
3 Harbor Drive, Suite 200  
Sausalito, CA 94965  
Email: jenica.maldonado@aalrr.com

d. Waiver; Remedies. No delay on the part of any Party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party hereto of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

e. Governing Law; Interpretation. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California applicable to agreements made and to be performed within the state. The provisions of this Agreement shall not be construed in favor of or against either Party, but shall be construed as if all Parties prepared this Agreement.

f. Entire Agreement. This Agreement is intended by the Parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the Parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to such subject matter contained herein.

g. Amendments. This Agreement may be amended, modified, or supplemented only by written instrument executed by both Parties.

h. Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which when executed shall constitute one and the same instrument. The Parties may also deliver executed copies of this Agreement to each other by electronic mail or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. No Party may raise the use of any image transmission device or method or the fact that any signature was transmitted as an image as a defense to the enforcement of this Agreement. At the request of either Party, the Parties will confirm signatures by signing and delivering an original document

i. Further Assurances. The Parties hereby covenant and agree, without the necessity of any further consideration whatsoever, to execute, acknowledge and deliver all such other documents and to take all such other actions as may be reasonably necessary to carry out more effectively the purposes of this Agreement.

j. Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed, either by the Parties hereto or by any third party, to create the relationship of principal and agent or to create any partnership, joint venture or other relationship between the Parties.

k. Authority to Sign. District and Pacific Underground hereby represent that the persons executing this Agreement on behalf of District and Pacific Underground, respectively, have full authority to do so and to bind District and Pacific Underground, respectively, to perform pursuant to the terms and conditions of this Agreement.

l. Invalidity of Provision. If any provision of this Agreement as applied to either Party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by law) any other provision of this Agreement, the application of any such provision under circumstances different from those adjudicated by the court, or the validity or enforceability of the Agreement as a whole.

m. No Recordation. The District and Pacific Underground each agree that this Agreement shall not be recorded.

n. Dispute Resolution Procedures. In the event of any controversy or claim between the District and Pacific Underground with respect to this Agreement, or any claims, disputes, differences, controversies, or misunderstandings arising under, out of, or in relation to or in connection with this Agreement, or any breach thereof (a "Dispute"), the Parties agree that the District Fire Chief and Pacific Underground's Responsible Managing Officer, or their respective designees, shall meet and confer within ten (10) calendar days

of any written request in an effort to resolve such dispute, disagreement, or conflict. In the event that the Parties are unable to resolve a Dispute by informal meet and confer, the Parties agree to attempt to settle the Dispute by neutral, non-binding mediation. Either Party may request mediation, provided that the request shall be in writing and delivered to the other Party personally or by certified mail. The Parties agree to act in good faith to attempt to resolve any dispute by mediation. The Parties further agree to act in good faith to identify a mutually acceptable mediator. If a mediator cannot be agreed upon by the Parties, each Party shall designate a mediator and those mediators shall select a third mediator who shall act as the neutral mediator of the Parties' dispute. Each Party shall pay its own costs of mediation; provided, however, that the Parties shall share equally in the mediator's fees and costs. If the Dispute is resolved successfully through the mediation, the resolution shall be documented by a written agreement executed by the Parties. If the mediation does not successfully resolve the Dispute, the mediator shall provide written notice to the Parties reflecting the same and the Parties may thereafter seek to resolve their claims in a court of competent jurisdiction.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

PACIFIC UNDERGROUND:

DISTRICT:

**Pacific Underground Construction, Inc.**

**Scotts Valley Fire Protection District**

By:



Thaddeus Michael Corbett  
Responsible Managing Officer

7/17/25

By:

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Mark Correira, Fire Chief

# **SCOTTS VALLEY FIRE PROTECTION DISTRICT**

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## **Fire Facilities Impact Fee Study Final Report**

**July 22, 2025**

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## Executive Summary

The Scotts Valley Fire Protection District retained NBS Government Finance Group to prepare this study to analyze the impacts of new development on capital facilities and to calculate impact fees based on that analysis.

The methods used in this study are consistent with those outlined in the *Impact Fee Nexus Study Templates* prepared for the California Department of Housing and Community Development by the Turner Center for Housing Innovation at UC Berkeley in fulfillment of AB 602. Those methods are designed to satisfy the legal requirements of the U. S. Constitution, and the California Mitigation Fee Act (Government Code Sections 66000 *et seq.*).

### Organization of the Report

Chapter 1 of this report provides an overview of the legal requirements for establishing and imposing such fees, and methods that can be used to calculate impact fees.

Chapter 2 contains data on existing and future development used in this report.

Chapter 3 analyzes the impacts of development on fire protection facilities and calculates impact fees for those facilities.

Chapter 4 summarizes requirements for adopting and implementing impact fees.

Appendix A to this report contains a comparison of impact fees for surrounding and/or similar agencies including the cities of Coalinga, King City, Marina, Morgan Hill, Santa Cruz, Soledad, and Watsonville.

### Development Data

Chapter 2 of this report presents estimates of existing development in the District's service area, and a forecast of future development in terms of units of development and calls for service per year for each type of development defined in this study.

Chapter 2 also establishes values for demand factors such as fire calls per unit per year. Those factors are used to represent the impact of new development in the impact fee calculations.

It is important to note that because of amendments to the Mitigation Fee Act contained in AB 602 (2021) that were incorporated into California law effective in 2022, residential impact fees must be calculated proportionately to the square footage of the proposed units. Impact fees for residential development in this study are calculated as impact fees per square foot for residential development. Prior to the adoption of AB 602 it was common practice to calculate residential impact fees on a per-unit basis for single-family and multi-family residential development.

## Impact Fees Analysis

The impact fees calculated in this report are based on the existing level of service in the District in keeping with the requirements of Government Code Section 66016.5, which was added by AB 602 in 2021. The existing level of service is defined as the relationship between the replacement cost of existing District facilities, apparatus, vehicles and equipment and the number of calls for service per year received by the District. That relationship is stated as a cost per call for service per year.

As part of this study, NBS analyzed the distribution of the District’s calls for service for a full year to determine the average number of calls per unit per year generated by different types of development. The impact fee per unit for each type of development is calculated by multiplying the cost per call by the number of calls per unit per year generated by each type of development. The impact fees calculated in this report are intended to apply to all types of new development in the District other than development by government entities.

The impact fees calculated in this report are shown in Table S.1, below. Fees for residential development are calculated on a per square foot basis, and non-residential impact fees are calculated on a per-unit basis.

**Table S.1 Summary of Impact Fees Calculated in this Study**

Development Type	Units <sup>1</sup>	Impact Fee per Unit <sup>2</sup>	Avg Sq Ft per Unit <sup>3</sup>	Impact Fee per Sq Ft <sup>4</sup>
All Residential	DU	\$ 1,284	2,485	\$ 0.52
Assisted Living	Bed	\$ 10,876		
Hotel/Motel	Room	\$ 755		
Commercial-Retail	KSF	\$ 1,057		
Office	KSF	\$ 680		
Industrial	KSF	\$ 151		
Other Non-Residential Uses: Impact Fee = Calls per KSF per Year X \$7,553.09 per call per Year				

<sup>1</sup> DU = dwelling unit; KSF = 1,000 gross square feet of building area; room = guest room or suite

<sup>2</sup> Impact fee per unit = cost per call for service X calls for service per unit

<sup>3</sup> Average square feet per new residential unit built between 2018 - 2024 provided by the City of Scotts Valley Community Development Department

<sup>4</sup> Impact fee per square foot (residential) = impact fee per unit / square feet per unit

Table S.2 shows the proposed impact fees from Table S.1 with the addition of a 0.3% administrative charge. That percentage is intended to cover the average annual cost of preparing an impact fee update study every eight years as required by the Mitigation Fee Act.

The percentage of the administrative charge is based on the estimated cost of an impact fee update study (\$25,000) divided by eight years of estimated future impact fee revenue.

**Table S.2 Proposed Impact Fees + Administrative Charge**

Development Type	Units <sup>1</sup>	Impact Fee per Unit <sup>2</sup>	Avg Sq Ft per Unit	Impact Fee per Sq Ft
All Residential	DU	\$ 1,288	2,485	\$ 0.52
Assisted Living	Bed	\$ 10,910		
Hotel/Motel	Room	\$ 758		
Commercial-Retail	KSF	\$ 1,061		
Office	KSF	\$ 682		
Industrial	KSF	\$ 152		
Other Non-Residential Uses: Impact Fee = Calls per KSF per Year X \$7,576.68 per call per Year				

<sup>1</sup> DU = dwelling unit; KSF = 1,000 gross square feet of building area; room = guest room or suite

<sup>2</sup> In this table an administrative charge is added to the Impact Fee in Table S.1; See discussion in text

As explained in Chapter 2 and Chapter 3 of this report, the District may encounter non-residential development projects that do not fit well into any of the non-residential development categories for which impact fees are calculated in that report. In that case, the District can calculate a customized impact fee using the formula shown as “Other Non-Residential Uses” in the tables above and further discussed in Chapter 3.

# Chapter 1. Introduction

## Purpose

The purpose of this study is to analyze the impacts of development on the need for certain capital facilities and other capital assets provided by the Scotts Valley Fire District (District) and to calculate impact fees based on that analysis. This report documents the approach, data and methodology used in this study to calculate impact fees.

The impact fees calculated in this report are intended to satisfy all legal requirements governing such fees, including provisions of the U. S. Constitution, the California Constitution and the California Mitigation Fee Act (Government Code Sections 66000-66025).

## Legal Framework for Impact Fees

This brief summary of the legal framework for development fees is intended as a general overview. It was not prepared by an attorney and should not be treated as legal advice.

**Fire Protection District Law of 1987.** California Health and Safety Code Section 13916, which is part of the Fire Protection District Law of 1987, states: “A (fire protection) district board shall not charge a fee on new construction or development for the construction of public improvements or facilities or the acquisition of equipment.” However, although the District itself may not charge such fees, it is quite common in California for cities and counties to impose fire impact fees for fire protection districts that provide services within their boundaries. The fees calculated in this report are intended to be adopted by the City of Scotts Valley and Santa Cruz County.

**U. S. Constitution.** Like all land use regulations, development exactions, including impact fees, are subject to the 5th Amendment prohibition on taking of private property for public use without just compensation. Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against “regulatory takings.” A regulatory taking occurs when regulations unreasonably deprive landowners of property rights protected by the Constitution.

In two cases dealing with exactions, the U. S. Supreme Court has held that when a government agency requires the dedication of land or an interest in land as a condition of development approval or imposes exactions as a condition of approval on a development project, the agency must demonstrate an "essential nexus" between such exactions and the interest being protected (See *Nollan v. California Coastal Commission*, 1987) and make an “individualized determination” that the exaction imposed is "roughly proportional" to the burden created by development (See *Dolan v. City of Tigard*, 1994). In April 2024, the U. S. Supreme Court ruled that even legislatively adopted impact fees are subject to *Nollan* and *Dolan*.

**Defining “Nexus.”** The nexus required to justify exactions and impact fees can be thought of as having the three elements discussed below. We think proportionality is logically included as one element of that nexus, even though it was discussed separately in *Dolan v. Tigard*. The elements of the nexus discussed below mirror the three “reasonable relationship” findings required by the Mitigation Fee Act for establishment and imposition of impact fees.

**1. Need or Impact.** An agency imposing impact fees must demonstrate that a development project subject to those fees will create a need for the facilities to be funded by the impact fees. All new development in a community creates additional demands on some or all public facilities provided by local government. If the capacity of facilities is not increased to satisfy the additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is related to the development project subject to the fees.

The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate impacts created by the development projects upon which they are imposed. In this study, the impact of development on facility needs is analyzed in terms of quantifiable relationships between various types of development and the demand for public facilities based on applicable level-of-service standards. This report contains all of the information needed to demonstrate compliance with this element of the nexus.

**2. Benefit.** An agency imposing impact fees must demonstrate that a development project subject to those fees will benefit from the facilities funded by the impact fees. With respect to the benefit relationship, the most basic requirement is that facilities funded by impact fees be available to serve the development paying the fees. A sufficient benefit relationship also requires that impact fee revenues be segregated from other funds and expended in a timely manner on the facilities for which the fees were charged. Nothing in the U.S. Constitution or California law requires that facilities paid for with impact fee revenues be available exclusively to development projects paying the fees.

Procedures for earmarking and expenditure of fee revenues are mandated by the Mitigation Fee Act, as are procedures to ensure that the fees are either expended in a timely manner or refunded. Those requirements are intended to ensure that developments benefit from the impact fees they are required to pay. Thus, over time, procedural issues as well as substantive issues can come into play with respect to the benefit element of the nexus.

**3. Proportionality.** An agency imposing impact fees must demonstrate that the amount of those fees is proportional to the impact created by development projects subject to the fees. Proportionality in impact fees depends on properly identifying development-related facility costs and calculating the fees in such a way that those costs are allocated in proportion to the facility needs created by different types and amounts of development. The section on impact fee methodology, below, describes methods used to allocate facility costs and calculate impact fees that meet the proportionality standard.

**California Constitution.** The California Constitution grants broad police power to local governments, including the authority to regulate land use and development. That police power is the source of authority for local governments in California to impose impact fees on development. Some impact fees have been challenged on grounds that they are special taxes imposed without voter approval in violation of Article XIII A. Impact fees calculated in this report do not exceed the cost of providing facilities needed to serve new development and, thus, are not special taxes requiring voter approval pursuant to Article XIII A.

Articles XIII C and XIII D, added to the California Constitution by Proposition 218 in 1996, require voter approval for some “property-related fees,” but exempt “the imposition of fees or charges, as a condition of property development.” Thus, impact fees are exempt from those requirements.

**The Mitigation Fee Act.** California’s impact fee statute originated in Assembly Bill 1600 during the 1987 session of the Legislature and took effect in January 1989. AB 1600 added several sections to the Government Code, beginning with Section 66000. Since that time, the impact fee statute has been amended from time to time, and in 1997 was officially titled the “Mitigation Fee Act.” Unless otherwise noted, code sections referenced in this report are from the Government Code.

The Mitigation Fee Act does not limit the types of capital improvements for which impact fees may be charged. It defines public facilities very broadly to include “public improvements, public services and community amenities.” Although the issue is not specifically addressed in the Mitigation Fee Act both case law and statute (see Government Code Section 65913.8) clarify that impact fees may not be used to pay for ongoing maintenance or operating costs. Consequently, the fees calculated in this report are based on the cost of capital assets only.

The Mitigation Fee Act does not use the term “mitigation fee” except in its official title. Nor does it use the common term “impact fee.” The Act simply uses the word “fee,” which is defined as “a monetary exaction, other than a tax or special assessment...that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project ....”

To avoid confusion with other types of fees, this report uses the widely accepted term “impact fee” which should be understood to mean “fee” as defined in the Mitigation Fee Act.

The Mitigation Fee Act contains requirements for establishing, increasing and imposing impact fees. They are summarized below. It also contains provisions that govern the collection and expenditure of fees and requires annual reports and periodic re-evaluation of impact fee programs. Those administrative requirements are discussed in the implementation chapter of this report.

Required Findings. Section 66001 (a) requires that an agency establishing, increasing or imposing impact fees, must make findings to:

1. Identify the purpose of the fee
2. Identify the use of the fee; and
3. Determine that there is a reasonable relationship between the use of the fee and the development type on which it is imposed
4. Determine that there is a reasonable relationship between the need for the facility and the type of development on which the fee is imposed

In addition, Section 66001 (b) requires that in any action imposing a fee as a condition of approval of a development project by a local agency, the local agency shall 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.

The requirements outlined above are discussed in more detail below.

Identifying the Purpose of the Fees. The broad purpose of impact fees is to protect public health, safety and general welfare by providing for adequate public facilities. The specific purpose of the fees calculated in this study is to fund acquisition or construction of certain capital assets that will be needed to mitigate the impacts of planned new development on District facilities, and to maintain an acceptable level of public services as the District grows.

This report recommends that findings regarding the purpose of an impact fee should define the purpose broadly, as providing for the funding of adequate public facilities to serve additional development.

Identifying the Use of the Fees. According to Section 66001(a)(2), if a fee is used to finance public facilities, those facilities must be identified. A capital improvement plan may be used for that purpose but is not mandatory if the facilities are identified in a General Plan, a Specific Plan, or in other public documents. Section 66002(a) says the CIP shall indicate the approximate location, size, time of availability and estimates of cost for all facilities or improvements to be financed with the fees. Section 66002 (b) requires that if a capital improvement plan is used to identify the facilities, it must be updated annually.

However, a new provision in Section 66016.5(a)(6), which was added by AB 602 in 2021, requires that large jurisdictions adopt a capital improvement plan as part of an impact fee study. That requirement applies to impact fee nexus studies adopted after January 1, 2022. "Large jurisdiction" means a county of 250,000 or more or any city within that county. That new requirement appears to override the original language of Section 66001(a)(2), so that a capital improvement plan (CIP) is no longer optional. A CIP is now required for all new impact fee nexus studies adopted by large jurisdictions. The annual update requirement remains in effect.

Reasonable Relationship Requirement. As discussed above, Section 66001 requires that, for fees subject to its provisions, a "reasonable relationship" must be demonstrated between:

1. the use of the fee and the type of development on which it is imposed;
2. the need for a public facility and the type of development on which a fee is imposed; and,
3. the amount of the fee and the facility cost attributable to the development on which the fee is imposed.

Development Agreements and Reimbursement Agreements. The requirements of the Mitigation Fee Act do not apply to fees collected under development agreements (see Govt. Code Section 66000) or reimbursement agreements (see Govt. Code Section 66003). The same is true of fees in lieu of park land dedication imposed under the Quimby Act (see Govt. Code Section 66477).

Existing Deficiencies. In 2006, Section 66001(g) was added to the Mitigation Fee Act (by AB 2751) to clarify that impact fees “shall not include costs attributable to existing deficiencies in public facilities...” The legislature’s intent in adopting this amendment, as stated in the bill, was to codify the holdings of *Bixel v. City of Los Angeles* (1989), *Rohn v. City of Visalia* (1989), and *Shapell Industries Inc. v. Governing Board* (1991).

Section 66001(g) also states that impact fees “may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with the general plan.” (Emphasis added.)

**Impact Fees for Existing Facilities.** Impact fees may be used to recover costs for existing facilities to the extent that those facilities are needed to serve additional development and have the capacity to do so. In other words, it must be possible to show that fees used to pay for existing facilities meet the need and benefit elements of the nexus. As a practical matter, such fees are difficult to implement unless the fees are needed to repay outstanding debt related to the facilities in question.

## Recent Legislation

Several new laws enacted by the State of California since 2019 to facilitate development of affordable housing bear on the implementation of impact fees calculated in this study. Below are brief overviews of some key bills passed since 2019.

**SB 330 – The Housing Crisis Act of 2019.** SB 330 (amended and clarified in 2021 by SB 8) contained a variety of amendments designed to promote affordable housing. Among them was a provision in Government Code Section 65589.5 that prohibits the imposition of new approval requirements on a housing development project once a preliminary application has been submitted. That provision applies to increases in impact fees except

when the resolution or ordinance establishing the fee authorizes automatic, inflationary adjustments to the fee or exaction. These provisions will remain in effect until January 1, 2030.

**AB 1483 – Housing Data: Collection and Reporting (2019).** AB 1483 added Section 65490.1 to the Government Code, and requires that a city, county or special district must post on its website a current schedule of its fees and exactions, as well as associated nexus studies and annual reports. Updates must be posted within 30 days.

**SB 13 – Accessory Dwelling Units (2019).** SB 13 amended Government Code Section 65852.2 to prohibit the imposition of impact fees on accessory dwelling units (ADUs) smaller than 750 square feet and to require that impact fees for ADUs of 750 square feet or more must be proportional to the square footage of the primary dwelling unit. The proportionality requirement means that impact fees for ADUs of 750 square feet or more must be calculated on a case-by-case basis during the approval process.

Prior to SB 13, a water or sewer connection fee or capacity charge for an accessory dwelling unit requiring a new or separate utility connection was required to be based on either the accessory dwelling unit's size or the number of its plumbing fixtures. SB 13 revises the basis for calculating the connection fee or capacity charge to either the accessory dwelling unit's square feet or the number of its drainage fixture units.

**AB 602 – Amendments to the Planning and Land Use Law and the Mitigation Fee Act (2021).** AB 602 adds Section 65940.1 to the Planning and Land Use Law requiring cities, counties and special districts that have internet websites to post schedules of fees, exactions and affordability requirements, annual fee reports, and an archive of nexus studies on that website, and to update that information within 30 days after any changes.

AB 602 also adds Section 66016.5 to the Mitigation Fee Act imposing several new requirements for impact fees that went into effect in 2022, including:

- A nexus study must identify the existing level of service for each facility, identify the proposed new level of service (if any), and explain why the new level of service is appropriate.
- If a nexus study supports an increase in an existing fee the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of the fees collected under the original fee.
- Large jurisdictions (counties over 250,000 and cities within those counties) must adopt a capital improvement plan as part of the nexus study.
- All impact fee nexus studies shall be adopted at a public hearing with at least 30 days' notice, and the local agency shall notify any member of the public that requests notice of intent to begin and impact fee nexus study of the date of the hearing.
- Nexus studies shall be updated at least every eight years, from the period beginning on January 1, 2022.

- A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units in the development. A nexus study is not required to comply with this requirement if the local agency makes certain findings specified in the law. A local agency that imposes a fee proportionately to the square footage of units in the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.
- Authorizes any member of the public, including an applicant for a development project, to submit evidence that impact fees proposed by an agency fail to comply with the Mitigation Fee Act, and requires the legislative body of the agency to consider such evidence and adjust the proposed fee if deemed necessary.

**AB 516 – Amendments to the Mitigation Fee Act (2023).** AB 516, which took effect on January 1, 2024, amends Government Code Section 66006 to add certain requirements to the annual reports mandated by that section. Specifically, Section 66006 now requires that:

- Annual reports indicate whether construction on public improvements identified in previous annual reports began on the approximate date shown in the previous annual report; and,
- If a project failed to start construction on schedule, the annual report must explain the reason for the delay and provide a revised approximate date when construction will begin.

AB 516 also amends Section 66023 to provide that when a person requests an audit of a fee or charge levied by a local agency, that audit may address when revenue generated by that fee or charge is scheduled to be expended, and when the public improvement to be funded by that fee or charge is scheduled to be completed. Prior to this amendment, the only stated purpose of such an audit was to determine whether such a fee or charge exceeds the amount reasonably necessary to cover the cost of any product, public facility or service provided by the local agency.

## **Impact Fee Calculation Methodology**

The methods used to calculate impact fees in this study are designed to comply with all of the legal requirements discussed earlier in this chapter. Any one of several legitimate methods may be used to calculate impact fees. The choice of a particular method depends primarily on the service characteristics of, and planning requirements for, the type of facility being addressed. To some extent those methods are interchangeable, because they all allocate facility costs in proportion to the needs created by development.

Allocating facility costs to various types and amounts of development is central to all methods of impact fee calculation. Costs are allocated by means of formulas that quantify the relationship between development and the need for facilities. In a cost allocation

formula, the impact of development is represented by some attribute of development such as added population or added vehicle trips that represent the impacts created by different types and amounts of development.

Although it is not mandatory, this study adopts the nomenclature used in the Impact Fee Nexus Study Templates prepared by the Turner Center for Housing Innovation at UC Berkeley to describe impact fee calculation methods. Those templates were prepared for The California Department of Housing and Community Development pursuant to Section 50466.5 of the Health and Safety Code and are cited in AB 602.

**Planned Facility Method.** With this method, impact fees are calculated so that new development will pay for the planned expansion of facilities at the future standard attributable to new development. To calculate the cost per unit of demand, the cost of planned facilities is divided by the amount of demand that will be created by new development. The impact fees depend on the cost of planned future facilities and a plan for future development, so the fees should be recalculated if facility plans or development plans change.

**Existing Inventory Method.** With this method, impact fees are calculated so that new development will fund expansion of facilities at the same standard currently used to serve existing development. To calculate the cost per unit of demand, the value of existing facilities is divided by the amount of demand associated with existing development. This method allows impact fees to be calculated without a list of planned facilities, but such a list is required by AB 602 as part of a Capital Improvement Plan that must be adopted with any new impact fee nexus study. This approach can be used to calculate impact fees for many types of public facilities but is usually not appropriate for facilities such as transportation improvements or water, wastewater or drainage systems where improvement needs must be determined by engineering analysis.

**System Plan Method.** With this method, impact fees are calculated so that new development pays for its share of the cost of an integrated system of facilities at the future standard attributable to new development. To calculate the cost per unit of demand, the value of existing facilities plus the cost of planned facilities is divided by the combined demand associated with both existing development and planned development. This approach is especially appropriate for impact fees for fire protection and EMS facilities because new facilities must be planned to integrate geographically with existing facilities.

### **Impact Fees for Accessory Dwelling Units (ADUs)**

SB 477, enacted in 2024, relocated and consolidated California's ADU laws into a new Government Code Chapter (Chapter 13, Division 1, Title 7). Recent amendments to ADU law provide that impact fees may not be imposed on ADUs smaller than 750 square feet and establish the following requirement for impact fees imposed on ADUs of 750 square feet or more:

“Any impact fees charged for an accessory dwelling unit of 750 square feet or more shall be charged proportionately in relation to the square footage of the primary dwelling unit.”

The proportionality requirement, as stated above, generally depends on the square footage of both the primary unit and the ADU. Since the fees calculated in this report for residential are assessed on a per square foot basis, proportionality is already provided by the impact fee calculation for ADUs.

## Chapter 2. Development Data

This chapter presents data on existing and future development that will be used to calculate impact fees in subsequent chapters of this report. The information in this chapter may be used to establish levels of service, analyze facility needs, and/or allocate the cost of capital facilities among various types of new development.

### Study Area

The study area for this study is the area within the boundaries of the Scotts Valley Fire Protection District which includes the City of Scotts Valley and a portion of unincorporated Santa Cruz County surrounding the City.

### Time Frame

Planned future development in this study is forecasted out to 2045. However, the methods used to calculate impact fees in this study do not depend on the timing of future development.

### Development Types

The development types for which impact fees are calculated in this report are discussed below. Impact fees calculated in this report are intended to be applied based on actual land uses rather than zoning or general plan land use designations. For mixed use development projects, impact fees should be applied to each type of development within the project, consistent with the number of units of development of each type within the project.

**Residential Development.** Government Code Section 66016.5(a)(5)(A) which was added to the Mitigation Fee Act by AB 602 in 2021 contains the following requirement:

“A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units of the development. A local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development”

This study calculates impact fees per square foot fees for all types of residential development using average square-foot-per-unit numbers provided by the District.

**Senior/Assisted Living Facilities.** While senior living and assisted living facilities, including rehabilitation and skilled nursing facilities have some of the characteristics of residential uses, their impact characteristics can be substantially different from most residential development, with less impact on transportation and parks and recreation facilities and greater impact on emergency medical services. Consequently senior/assisted living facilities are treated as a separate category in this study and are not considered a form of housing development subject to the requirements of Government Code Section 66016.5.

Development in this category is measured in terms of beds, which is intended as a proxy for the number of occupants of a facility.

**Non-Residential Development.** Non-residential development types used in this study are:

- Hotel/Motel
- Commercial/Retail
- Office
- Industrial

The impact fees calculated in this report are intended to be applied to development projects, or portions of projects, based on the actual type of development being constructed. Except for the Hotel/Motel category, which is measured in terms of guest rooms, the non-residential development types listed above are measured in terms of gross leasable floor area in thousands of square feet (KSF).

In cases where a proposed development project does not fit reasonably well into one of the development types defined in this study, the District has the option to calculate an impact fee that is tailored to that specific use. See the sub-section on Other Types of Development, below.

**Public Facilities, Public Schools and Parks.** In addition to the development types listed above, the development tables presented later in this chapter include public (government) facilities, public schools and parks. Impact fees cannot be imposed on those uses, either because of legal constraints or because the local government agency would be imposing the fees on itself, which serves no purpose. However, those uses do create measurable impacts on fire protection/emergency medical services, and they are included in the impact fee analysis so that the impacts associated with those exempt uses can be distinguished from demand associated with fee-paying development types.

**Other types of Development.** The development types for which impact fees are calculated in this study will encompass most new development in the District, but there may be some development projects that don't fit very well within any of the established fee categories. In such cases, it is possible to calculate a customized impact fee at the time a project is approved.

For example, to calculate a customized fire impact fee, it would be necessary to estimate the number of fire calls for service per year that will be generated by the project, based on the number of calls generated by similar existing uses in the District's service area. Then, that number would be multiplied by the cost per call per year calculated in this study to arrive at the fire impact fee for the project.

## **Demand Variable**

To calculate impact fees, the relationship between facility needs and development must be quantified in cost allocation formulas. Some measurable attribute of development, in this case, calls for service per year, is used as a "demand variable" in the cost allocation

formula to represent the impact of different types of development the facility type being analyzed.

Demand variables are selected either because they directly measure the service demand created by various types of development, or because they are reasonably correlated with that demand.

Demand for fire protection, emergency medical response and other services provided by the District is impacted by both residential and non-residential development. In this study, the number of fire calls for service per unit per year is used to represent the demand for fire protection and emergency response services by various types of development in the District. The calls-for-service-per year-factors used in this study are based on analysis by NBS of a random sample of all calls for a one-year period.

January 1, 2023, and December 31, 2023, the District logged over 2,357 calls for service. As part of this study, NBS analyzed a random sample of 500 of those calls and classified them by development type based on address. Calls that could not be associated with a particular type of development were excluded from the analysis. The results based on a sample size of 500 are correlated with a 5% margin of error at the 95% confidence level.

To arrive at a calls-for-service-per-year factor for each type of development, the percentage of sampled calls associated with each type of development defined in this study was applied to the number of calls for service per year to determine the number of calls generated by each type of development for the year. Then, the number of calls per year attributed to each type of development was divided by the number of existing units for that type to arrive at the average number of calls per unit per year. Fire calls-per-unit-per-year factors used in this study are shown in Table 2.1, discussed on the following page.

## Demand Factors

Table 2.1 shows the demand factors used in this study, which are fire calls per unit per year factors for each type of development.

**Table 2.1: Demand Factors**

Development Type <sup>1</sup>	Unit Type <sup>2</sup>	Fire Calls per Unit <sup>3</sup>
All Residential	DU	0.17
Assisted Living	Bed	1.44
Hotel/Motel	Room	0.10
Commercial-Retail	KSF	0.14
Office	KSF	0.09
Industrial	KSF	0.02
Public Facilities	KSF	0.12
Schools	Student	0.02
Parks	Acre	0.07

<sup>1</sup> The square-foot-per-unit ranges shown in this table for residential development include all types of residential development including single-family, multi-family and mobile homes

<sup>2</sup> DU = dwelling unit; KSF = 1,000 square feet of gross leasable area (GLA);  
Room = guest room or suite

<sup>3</sup> Fire calls for service per unit per year based on analysis of a random sample of all 2023 calls for service; see discussion in text and in Chapter 2

## Existing and Future Development

Tables 2.2 through 2.4 on the following pages present summaries of existing and future development by development type in the District.

Table 2.2 shows estimated existing development as of January 1, 2024, in terms of units and fire district calls for service.

**Table 2.2: Existing Development January 1, 2024 - Scotts Valley Fire District**

Development Type	Unit Type <sup>1</sup>	No. of Units <sup>2</sup>	Fire Calls per Year <sup>5</sup>
All Residential	DU	8,826	1,464
Assisted Living	Bed	220	316
Hotel/Motel	Room	685	71
Commercial-Retail	KSF	1,607	226
Office	KSF	1,028	95
Industrial	KSF	3,355	60
Public Facilities	KSF	357	42
Schools	Students	2,779	65
Parks	Acres	255	18
<b>Totals</b>			<b>2,357</b>

<sup>1</sup> DU = dwelling unit; KSF = 1,000 gross sq ft of building area; Room = guest room or suite

<sup>2</sup> Number of existing residential units based on ESRI Housing Summary Report for SVFD Boundaries; non-residential units provided by City of Scotts Valley and ESRI Business Summary Report employees per unit x number of Units from Table 2.1

<sup>5</sup> Fire calls for service per year based on analysis of a random sample of all 2023 calls for service; see discussion in text and in Chapter 2

Table 2.3 shows projected new development to 2045, in terms of units and fire department calls for service.

**Table 2.3: Projected Future Development to 2045 - Scotts Valley Fire District**

Development Type	Unit Type <sup>1</sup>	No. of Units <sup>2</sup>	Fire Calls per Year <sup>7</sup>
All Residential	DU	1,268	216
Assisted Living	Bed	61	88
Hotel/Motel	Room	175	17
Commercial-Retail	KSF	2.0	0
Office	KSF	60.0	5
Industrial	KSF	242.8	5
Public Facilities	KSF	1.7	0
Schools	Students	735	15
Parks	Acres	70	5
<b>Totals</b>			<b>351</b>

<sup>1</sup> DU = dwelling unit; KSF = 1,000 gross sq ft of building area

<sup>2</sup> Added units based on City of Scotts Valley AMBAG growth projections

<sup>3</sup> Added population based on Table LU-1 of the Scotts Valley General Plan

<sup>4</sup> Added employees from City of Scotts Valley

<sup>7</sup> Added fire calls per year for residential development = added units X the average residential rate of 0.17 fire calls per unit per year; added fire calls for non-residential development = added units X calls per unit per year from Table 2.1

Table 2.4 shows projected total development in 2045 in terms of units and fire district calls for service. The figures shown in Table 2.4 represent the sum of the corresponding figures from Tables 2.2 and 2.3.

**Table 2.4: Total 2045 Development - Scotts Valley Fire District**

Development Type	Unit Type <sup>1</sup>	No. of Units <sup>2</sup>	Fire Calls per Year <sup>7</sup>
All Residential	DU	10,094	1,680
Assisted Living	Bed	281	404
Hotel/Motel	Room	860	88
Commercial-Retail	KSF	1,609	226
Office	KSF	1,088	100
Industrial	KSF	3,598	65
Public Facilities	KSF	358	42
Schools	Students	3,514	80
Parks	Acres	325	23
<b>Totals</b>			<b>2,708</b>

Note: The figures shown in Table 2.4 represent the sum of the corresponding figures from Tables 2.2 and 2.3

## Chapter 3. Impact Fees

Scotts Valley Fire District does not have an existing fire impact fee program. This chapter calculates impact fees for fire protection and emergency response facilities, apparatus and equipment provided by the District to all development in the District's service area.

### Service Area

The Scotts Valley Fire District provides fire protection and emergency services to the City and community of Scotts Valley, Branciforte, and adjacent unincorporated areas of Santa Cruz County.

The impact fees calculated in this chapter are intended to apply to all new development in the District with the exception of government buildings, which are typically exempt from impact fees.

### Methodology

This chapter calculates impact fees using the existing inventory method discussed in Chapter 1. With this method, impact fees are calculated so that new development will fund the acquisition of additional facilities (including apparatus, vehicles and equipment) necessary to maintain the level of service currently provided by the District.

To calculate the cost per unit of demand with this method, the replacement cost of existing facilities, apparatus, vehicles and equipment is divided by the number of calls for service per year associated with existing development. As discussed in the next section, demand for services provided by the District is represented by the number of calls for service per year. This method ensures that the impact fees charged to future development will not exceed the amount needed to maintain the existing level of service. With the existing inventory method, replacement costs for existing assets are not depreciated because they represent the cost to acquire additional assets needed to serve additional development

### Demand Variable

As discussed in Chapter 2, the impact of development is represented in this study by the number of calls for service per unit per year generated by each type of development defined in this study.

### Level of Service

In 2021, Section 66016.5 was added to the Mitigation Fee by Act AB 602. That section requires that, after January 1, 2022, the level of service used in an impact fee study must be compared with the existing level of service. If new impact fees are based on a level of service that exceeds the existing level of service, an explanation is required. For impact fees calculated using the Existing Inventory Method, the fees are based on the same level

of service as the existing level of service, so no justification is required to satisfy Paragraph 66016.5(a)(2).

## Facilities, Apparatus and Equipment

At present, the District operates three stations. The administrative office is co-located at Station 1 in Scotts Valley. Table 3.1 contains information on the District’s existing fire stations including construction dates, building sizes, and site sizes, as well as building replacement costs and land values.

**Table 3.1: Existing Fire Stations**

Facility	Constr Date	Building Sq Ft <sup>1</sup>	Site Acres <sup>2</sup>	Bldg Cost/ Repl Cost <sup>3</sup>	Est Land Cost <sup>4</sup>	Impact Fee Cost Basis <sup>5</sup>
Station 1 (Headquarters) – 7 Erba Lane, Scotts Valley	1963	9300	0.90	\$ 4,900,000	\$ 1,109,858	\$ 6,009,858
Station 2 – 251 Glenwood Drive, Scotts Valley	2001	5600	0.50	\$ 2,300,000	\$ 616,588	\$ 2,916,588
Station 3 – 2711 Branciforte Drive, Santa Cruz	1950	5000	1.00	\$ 1,600,000	\$ 1,233,176	\$ 2,833,176
<b>Total</b>				<b>\$ 8,800,000</b>	<b>\$ 2,959,622</b>	<b>\$ 11,759,622</b>

<sup>1</sup> Building square feet provided by the Scotts Valley Fire Protection District Facilities Master Plan, May 2019

<sup>2</sup> Site acres provided by the the Scotts Valley Fire Protection District Facilities Master Plan, May 2019

<sup>3</sup> Building replacement cost provided by SVFPD; estimates reflect age and condition of facilities

<sup>4</sup> Cost or value of site estimated based on \$1,233,176 per acre; provided by SVFPD based on recent appraisal

<sup>5</sup> Impact fee cost basis = sum of building and site cost or value

Table 3.2 lists the District’s existing firefighting apparatus and other vehicles and equipment. Costs for all vehicles and equipment shown in the far-right column of Table 3.2 are replacement costs provided by the District.

**Table 3.2: Existing Fire Apparatus and Vehicles**

Model Year	Description	Useful Life (Yrs)	Replacement Cost <sup>1</sup>	Impact Fee Cost Basis <sup>3</sup>
2003	Pierce/International Water Tender WT2550	20	\$ 500,000	\$ 500,000
2006	GMC/Leader Type III Ambulance R2566	15	\$ 300,000	\$ 300,000
2007	Pierce/International Type III E2537	20	\$ 600,000	\$ 600,000
2008	Chevy Tahoe QRV U2562	10	\$ 60,000	\$ 60,000
2012	Pierce Saber E2510	20	\$ 1,100,000	\$ 1,100,000
2013	Dodge Ram PU 1500 B2504	12	\$ 70,000	\$ 70,000
2014	Dodge Ram PU 1500 B2502	12	\$ 70,000	\$ 70,000
2017	Pierce Enforcer E2511	20	\$ 1,100,000	\$ 1,100,000
2017	2017 Ford Explorer P2591	12	\$ 60,000	\$ 60,000
2018	KME Type III E2538	20	\$ 600,000	\$ 600,000
2018	Chevy Tahoe C2500	12	\$ 70,000	\$ 70,000
2018	Dodge Ram PU 2500 U2595	20	\$ 70,000	\$ 70,000
2019	Chevy 1500 PU B2501	12	\$ 70,000	\$ 70,000
2024	Weis Type VI E2546	15	\$ 273,000	\$ 273,000
2024	Pierce Enforcer E2512	20	\$ 1,100,000	\$ 1,100,000
<b>Total</b>			<b>\$ 6,043,000</b>	<b>\$ 6,043,000</b>

<sup>1</sup> Replacement cost provided by SVFPD

<sup>2</sup> Impact fee cost basis equals the replacement cost

Table 3.3 summarizes the costs from Tables 3.1 and 3.2.

**Table 3.3: Impact Fee Cost Basis - Existing Assets**

Component	Total Cost Basis <sup>1</sup>
Existing Fire Stations	\$ 11,759,622
Existing Fire Apparatus and Vehicles	\$ 6,043,000
<b>Total Cost</b>	<b>\$ 17,802,622</b>

<sup>1</sup> See Tables 3.1 and 3.2

## Cost per Call for Service

Table 3.4 calculates the cost per call for service for existing facilities, apparatus and equipment using the total impact fee cost basis from Table 3.3 and the number of existing calls for service per year.

**Table 3.4: Cost per Call for Service**

Total Cost Basis <sup>1</sup>	Existing Calls for Service <sup>2</sup>	Cost per CFS <sup>3</sup>
\$17,802,622	2,357	\$7,553.09

<sup>1</sup>Total cost basis: See Table 3.3

<sup>2</sup>See Table 2.2

<sup>3</sup>Cost per call for service = total cost basis / existng calls for service

In the next section, the cost per call for service per year from Table 3.4 is used to calculate impact fees per unit for all types of development defined in this study as well as impact fees per square foot for residential development.

The cost per call for service per year in Table 3.4 can also be used to calculate customized impact fees for development projects that do not fit well within the categories of development defined in this study. Customized impact fees can be calculated using the cost per call for service per year from Table 3.4 multiplied by the estimated number of calls per year that will be generated by a specific project.

## Impact Fees per Unit

Table 3.5 shows the calculation of fire facilities impact fees per unit of development for each category of development defined in this study, as well as impact fees per square foot for residential development. Those fees are calculated using the cost per call for service per year from Table 3.4 and the calls-per-unit-per-year factors from Table 2.2. The residential impact fees per unit are divided by the average existing square foot per unit in the district to get a fee per square foot.

**Table 3.5 Impact Fees per Unit and per Square Foot (Residential)**

Development Type	Units <sup>1</sup>	Cost per Call <sup>2</sup>	Calls per Unit <sup>3</sup>	Impact Fee per Unit <sup>4</sup>	Avg Sq Ft per Unit <sup>5</sup>	Impact Fee per Sq Ft <sup>6</sup>
All Residential	DU	\$7,553.09	0.17	\$ 1,284.02	2,485	\$ 0.52
Assisted Living	Bed	\$7,553.09	1.44	\$ 10,876.44		
Hotel/Motel	Room	\$7,553.09	0.10	\$ 755.31		
Commercial-Retail	KSF	\$7,553.09	0.14	\$ 1,057.43		
Office	KSF	\$7,553.09	0.09	\$ 679.78		
Industrial	KSF	\$7,553.09	0.02	\$ 151.06		
Public Facilities	KSF	\$7,553.09	0.12	\$ 906.37		
Schools	Student	\$7,553.09	0.02	\$ 151.06		
Parks	Acre	\$7,553.09	0.07	\$ 528.72		

<sup>1</sup> DU = dwelling unit; KSF = 1,000 gross square feet of building area; room = guest room or suite

<sup>2</sup> Cost per call for service; see Table 3.4

<sup>3</sup> Calls for service per unit; see Table 2.1

<sup>4</sup> Impact fee per unit = cost per call for service X calls for service per unit

<sup>5</sup> Average square feet per new residential unit built between 2018 - 2024<sup>7</sup> provided by the City of Scotts Valley Community Development Department

<sup>6</sup> Impact fee per square foot (residential) = impact fee per unit / square feet per unit

**Customizing Impact Fees.** For any type of non-residential development that does not fit well into the Commercial-Retail, Office, or Industrial categories, the District can customize impact fees based on an analysis of the number of calls for service they are likely to generate. That analysis can be based on the calls generated by similar uses in the District or in areas served by other fire departments. The formula to calculate a customized fee would be:

$$\text{Impact Fee per Unit} = \text{Calls per Unit per Year} \times \text{Cost per Call per Year from Table 3.3}$$

## Projected Revenue

Because there is no way to estimate the actual square footage of residential development that will be subject to these impact fees, potential revenue from these fire facilities impact fees is estimated here based on the projected number of calls for service that will

be added by new development to buildout and the cost per call for service used in the impact fee calculations. Table 3.6 shows that calculation. In Table 3.6, calls for service generated by public facilities are excluded from the projected revenue calculation because no impact fees will be imposed on those facilities.

**Table 3.6 Projected Revenue**

Added Calls for Service <sup>1</sup>	Cost per Call <sup>2</sup>	Projected Revenue <sup>3</sup>
331	\$7,553.09	\$2,501,319

<sup>1</sup> See Table 2.3; added calls from public facilities and K-12 public schools are excluded because the District does not collect impact fees from those types of development

<sup>2</sup> See Table 3.4

<sup>3</sup> Projected revenue = added calls for service X cost per call

The revenue projected in Table 3.6 assumes that future development occurs as shown in Chapter 2. Actual revenue may vary depending on the actual mix of development that occurs in the District between the date of this report and buildout of undeveloped land in the District.

To ensure that revenue from impact fees does not exceed the cost of future facilities needed to serve added development, projected revenue should be compared with the estimated cost of future Fire Department facilities, apparatus and equipment.

The District plans to obtain added capacity in their facilities needed to serve future development through either the retrofit of existing Station 1, or a replacement Station, as well as retrofits and added equipment to existing training facilities. The cost of these improvements ranges from approximately \$10 million up to \$29 million based on the District’s knowledge of project parameters at this time. Additionally, the District requires purchase of a ladder truck, which is estimated to cost approximately \$2 million. The projected \$2.9 million in impact fee revenue shown in Table 3.6 will cover a portion of the facility improvement costs needed for the District to serve its buildout service population; therefore, there is no anticipated risk of the revenue from impact fees exceeding the cost of future facilities needed to serve added development.

### Updating the Fees

The impact fees calculated in this chapter are based on the current estimated replacement costs for fire district facilities, apparatus and vehicles. We recommend that the fees be reviewed and adjusted annually using local cost data or an index such as the Engineering News Record Building Cost Index or the California Construction Cost Index. See the Implementation Chapter for more on indexing of fees.

## Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires an agency establishing, increasing or imposing impact fees to make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed; and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

**Purpose of the Fee:** The purpose of the impact fees calculated in this chapter is to mitigate the impact of new development in the District on the need for facilities, apparatus and equipment provided by the Scotts Valley Fire Protection District.

**Use of the Fee.** Impact fees calculated in this chapter will be used to provide additional facilities, apparatus and equipment to mitigate the impact of new development in the District on the need for those facilities.

**Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed.** The impact fees calculated in this chapter will be used to provide additional facilities, apparatus and equipment to serve the added demand for fire protection and other emergency services associated with new development in the Scotts Valley Fire Protection District.

**Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed.** New development in the District increases the demand for fire protection and other emergency services provided by the Scotts Valley Fire Protection District. Without additional facilities, apparatus and equipment, the increase in demand associated with new development would negatively impact the ability the District to provide services efficiently and effectively to all development in the District.

**Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project.** The amount of the fire impact fees charged to a development project will depend on the increase in calls for service associated with that project. The fees per square foot for residential development and the fees per unit of

non-residential development calculated in this chapter for each type of development are based on the estimated calls for service per unit per year associated with that type of development in the Scotts Valley Fire Protection District. Thus, the fee charged to a development project reflects the impact of that project on the overall need for facilities, apparatus and equipment used by the District to serve development in the District.

## Chapter 4. Implementation

This chapter of the report summarizes requirements for adoption and administration of impact fees, calculated in this study. It was not prepared by an attorney and is not intended as legal advice.

Statutory requirements for the adoption and administration of fees imposed as a condition of development approval (impact fees) are found in the Mitigation Fee Act (Government Code Sections 66000 *et seq.*).

### Adoption

Procedures for adoption of fees subject to the Mitigation Fee Act, including notice and public-hearing requirements, are specified in Government Code Sections 66016 and 66018. It should be noted that Section 66018 refers to Government Code Section 6062a, which requires that the public hearing notice be published at least twice during the 10-day notice period. However, Section 66016.5 added by AB 602 in 2021 requires that impact fee nexus studies be adopted at a public hearing with at least a 30-day notice.

Government Code Section 66017 provides that fees subject to the Mitigation Fee Act do not become effective until 60 days after final action by the governing body.

Actions establishing or increasing fees subject to the Mitigation Act require certain findings, as set forth in Government Code Section 66001 and discussed in Chapter 1 of this report.

A nexus summary for each impact fee calculated in this report can be found in individual chapters of this report and those nexus summaries may be used to support the findings required by Section 66001.

### Administration

The California Mitigation Fee Act (Government Code Sections 66000 *et seq.*) mandates procedures for administration of impact fee programs, including collection and accounting, reporting, and refunds. References to code sections in the following paragraphs pertain to the California Government Code.

**Notices and Statute of Limitations.** Section 66006 (f) provides that a local agency, at the time it imposes a fee for public improvements on a specific development project, "... shall identify the public improvement that the fee will be used to finance." The required notification could refer to the capital improvement plan that must now be adopted with each new impact fee nexus study.

Section 66020 (d) (1) requires that the agency, at the time it imposes an impact fee, shall provide a written statement of the amount of the fee and written notice of a 90-day period during which the imposition of the fee can be protested. Failure to protest imposition of the fee during that period may deprive the fee payer of the right to subsequent legal challenge.

Section 66022 (a) provides a separate procedure for challenging the establishment of an impact fee. Such challenges must be filed within 120 days of enactment.

**Collection of Fees.** Government Code section 66007 provides that, with some exceptions, a local agency shall not require payment of impact fees by developers of residential development projects prior to the issuance of the first certificate of occupancy, or first temporary certificate of occupancy, whichever occurs first.

In 2024, SB 937 added Government Code section 66007(c) relating to “designated residential development projects,” as defined by statute. Subdivision (c) directs local agencies to not require payment of impact fees for “designated residential development projects” until the first certificate of occupancy or first temporary certificate of occupancy is issued, whichever occurs first. Subdivision (c) also provides that a local agency may require the payment of fees or charges at an earlier time if either of the following conditions are met: (i) the fees or charges are to reimburse the local agency for expenditures previously made to the extent those expenditures have not been paid or reimbursed by another parties; or (ii) the fees or charges will be collected for public improvements or facilities related to providing fire, public safety, and emergency services to the residential development, and an account has been established and funds appropriated for the public improvements or facilities. “Appropriated” means authorization by the governing body of the local agency for which the fee is collected to make expenditures and incur obligations for specific purposes.

Statutory restrictions on the time at which fees may be collected do not apply to non-residential development.

**Earmarking and Expenditure of Fee Revenue.** Section 66006 (a) mandates that fees be deposited “with other fees for the improvement in a separate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments, and expend those fees solely for the purpose for which the fee was collected.” Section 66006 (a) also requires that interest earned on the fee revenues be placed in the capital account and used for the same purpose.

**Impact Fee Exemptions, Reductions, and Waivers.** In the event that a development project is found to have no impact on facilities for which impact fees are charged, such project must be exempted from the fees.

If a project has characteristics that will make its impacts on a particular public facility or infrastructure system significantly and permanently smaller than the average impact used to calculate impact fees in this study, the fees should be reduced accordingly to meet the requirement that there must be a reasonable relationship between the amount of the fee and the cost of the public facility attributable to the development on which the fee is imposed. The fee reduction is required if the fee is not proportional to the impact of the development on relevant public facilities.

In some cases, an agency may desire to voluntarily waive or reduce impact fees that would otherwise apply to a project as a way of promoting goals such as affordable housing or economic development. Such a waiver or reduction is within the discretion of the governing body but may not result in increased costs to other development projects. So, the effect of such policies is that the lost revenue must be made up from sources other than impact fees.

**Credit for Improvements Provided by Developers.** If the responsible agency requires a developer, as a condition of project approval, to dedicate land or construct facilities or improvements for which impact fees are charged, the responsible agency should ensure that the impact fees are adjusted so that the overall contribution by the developer does not exceed the impact created by the development.

In the event that a developer voluntarily offers to dedicate land, or construct facilities or improvements in lieu of paying impact fees, the responsible agency may accept or reject such offers and may negotiate the terms under which such an offer would be accepted. Excess contributions by a developer may be offset by reimbursement agreements.

**Credit for Existing Development.** If a project involves replacement, redevelopment or intensification of previously existing development, impact fees should be applied only to the portion of the project that represents a net increase in demand for relevant responsible agency facilities, applying the measure of demand used in this study to calculate that impact fee.

**Annual Report.** Section 66006 (b) (1) requires that once each year, within 180 days of the close of the fiscal year, the local agency must make available to the public the following information for each separate account established to receive impact fee revenues:

1. A brief description of the type of fee in the account or fund;
2. The amount of the fee;
3. The beginning and ending balance of the account or fund;
4. The amount of the fees collected and interest earned;
5. Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees;
6. Identification of the approximate date by which the construction of a public improvement will commence, if the agency determines sufficient funds have been collected to complete financing of an incomplete public improvement;
7. A description of each inter-fund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvement on which the transfer or loan will be expended;
8. The amount of any refunds or allocations made pursuant to Section 66001, paragraphs (e) and (f).

The annual report must be reviewed by the agency's governing body at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public, per Section 66006 (b) (2).

**Five-Year Findings and Refunds under the Mitigation Fee Act.** Prior to 1996, The Mitigation Fee Act required that a local agency collecting impact fees was required to expend or commit impact fee revenue within five years or make findings to justify a continued need for the money. Otherwise, those funds had to be refunded. SB 1693, adopted in 1996 as an amendment to the Mitigation Fee Act, changed that requirement in material ways.

Now, Section 66001 (d) requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006 (b), and every five years thereafter, the local agency shall make all of the following findings for any fee revenue that remains unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put;
2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

Those findings are to be made in conjunction with the annual reports discussed above. If such findings are not made as required by Section 66001, the local agency could be required to refund the moneys in the account or fund, per Section 66001 (d).

Once the agency determines that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

For a useful discussion of the foregoing requirements, see "The Mitigation Fee Act's Five-Year Findings Requirement: Beware Costly Pitfalls" by Glen Hansen, Senior Counsel, Abbott and Kindermann, and Rick Jarvis, Managing Partner, Jarvis, Fay and Gibson, presented at the 2022 League of California Cities City Attorneys Spring Conference.

**Audit Requests.** Section 66023 provides that any person may request an audit to determine whether any fee or charge levied by a local agency exceeds the amount reasonably necessary to cover the cost of any product, public facility, as defined in Section 66000, or service provided by the local agency. The legislative body of the local agency

may retain an independent auditor to conduct the audit but is not required to conduct an audit if an audit has been performed for the same fee within the previous 12 months.

The agency shall retain an independent auditor to conduct an audit only if the person who requests the audit deposits with the local agency the amount of the local agency's reasonable estimate of the cost of the independent audit. At the conclusion of the audit, the local agency shall reimburse unused sums, if any, or the requesting person shall pay the local agency the excess of the actual cost of the audit over the amount that was deposited.

However, if the local agency fails to comply with the annual report requirement of Section 66006 following the establishment, increase or imposition of a fee, but requires payment of that fee in connection with the approval of a development project for three consecutive years, the agency shall not require a deposit for the independent audit and shall pay the cost of the audit.

**Indexing of Impact Fees.** Impact fees calculated in this report are based on current costs and should be adjusted periodically to account for changes in the cost of facilities or other capital assets that will be funded by those fees. That adjustment is intended to account for escalation in costs for land, construction, vehicles and other relevant capital assets. For construction costs, the General Services Department's California Cost Index is a useful reference, as is the *Engineering News Record* Building Cost Index (BCI). Where land costs are covered by an impact fee, land costs should be adjusted based on changes in local land prices. Costs for vehicles and other assets may be updated based on vendor information.

## **Requirements Imposed by AB 602**

In 2021, the California Legislature passed AB 602 and the Governor signed it into law. AB 602 creates some new requirements for impact fees that went into effect in 2022. The new law amends Government Code Section 65940.1 and adds Section 66016.5 to impose the following requirements:

- 1) A city, county or special district that has an internet website shall post on its website:
  - a) A current written schedule of fees, exactions and affordability requirements applicable to a proposed housing development project, and shall present that information in a manner that identifies the fees, exactions and affordability requirements that apply to each parcel and the fees that apply to each new water and sewer utility connection
  - b) All zoning ordinances and development standards and specifying the zoning, design and development standards that apply to each parcel
  - c) A list of the information that will be required from any applicant for a development project, as specified in Government Code Section 69540

- d) The current and five previous annual fee reports required by Government Code Section 66006 and Subsection 66013 (d).
  - e) An archive of impact fee nexus studies, cost of service studies or equivalent conducted on or after January 1, 2018.
- 2) The above information shall be updated within 30 days of any changes
  - 3) A City or County shall request from a development proponent, upon issuance of a certificate of occupancy or final inspection, the total amount of fees and exactions associated with the project for which the certificate is issued. That information must be posted on the website and updated at least twice a year.
  - 4) Before adoption of an impact fee, an impact fee nexus study shall be adopted.
  - 5) When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service and explain why the new level of service is appropriate
  - 6) If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of the fees collected under the original fee.
  - 7) A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of the proposed units of the development. A local agency that imposes a fee proportionately to the square footage if the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development. A nexus study is not required to comply with this requirement if the agency makes certain findings outlined in the statute.
  - 8) Large jurisdictions as defined in Section 53559.1 (d) of the Health and Safety Code (counties of 250,000 or more and cities in those counties) shall adopt a capital improvement plan as part of a nexus study.
  - 9) All studies shall be adopted at a public hearing with at least 30-day's notice, and the local agency shall notify any member of the public that requests notice of intent to begin an impact fee nexus study of the date of the hearing.
  - 10) Studies shall be updated at least every eight years, beginning on January 1, 2022.

### **Training and Public Information**

Effective administration of an impact fee program requires considerable preparation and training. It is important that those responsible for collecting the fees, and for explaining them to the public, understand both the details of the fee program and its supporting rationale.

It is also useful to pay close attention to handouts that provide information to the public regarding impact fees. Impact fees should be clearly distinguished from other fees, such

as user fees for application processing, and the purpose and use of particular impact fees should be made clear.

Finally, anyone responsible for accounting, capital budgeting, or project management for projects involving impact fees must be fully aware of the restrictions placed on the expenditure of impact fee revenues. Fees must be expended for the purposes identified in the impact fee nexus study in which they were calculated, and the responsible agency must be able to show that funds have been properly expended.

### **Recovery of Administrative Costs**

To recover the cost of periodic impact fee update studies and ongoing staff costs for capital budgeting, annual reports, five-year updates and other requirements of the Mitigation Fee Act, an administrative charge may be added to the impact fees calculated in this report. See the Executive Summary for a discussion of an administrative charge to recover some costs for administration and/or updating of impact fees.

# Appendix A

## Fee Comparison

Development Type/Fee Category	Fee Type / Unit	Proposed Maximum Fee	City of Coalinga [1]	King City [2]	City of Marina [3]	City of Morgan Hill [4]	City of Santa Cruz [5]	City of Soledad [6]	City of Watsonville [7]
			<i>Fire Services</i>	<i>Fire Protection Services</i>	<i>Public Safety Fee [8]</i>	<i>Public Safety Facilities [8]</i>	<i>Public Safety Impact Fee: Fire [8]</i>	<i>Public Safety Facilities [8]</i>	<i>Fire Impact Fee</i>
<b>RESIDENTIAL</b>	per DU	\$0.52 per s.f.	Low / Medium Density: \$489 per DU	Single Family: \$865.22 per DU Multiple Family / Mobile Home / Low, Very Low, and Extremely Low Income Restricted: \$692.64 per DU	Single-Family: \$996 per DU Multi-Family: \$922 per DU Mobile Home: \$922 per Home Senior Homes: \$662 per Home Campground: \$922 Per campground	Single Family : \$703 per DU Multifamily : \$677 per DU  Senior/Downtown/ Secondary Unit: \$464 per DU	Single-Family: \$0.574 per Sq.Ft. (\$287 per DU)  Multi-Family: \$0.975 per Sq.Ft. (\$488 per DU)	Single Family: \$1,670 per DU Multi Family: \$1,335 per DU	New Construction: \$1,090 per DU Addition: \$0.45 per Sq. Ft.
<b>NON RESIDENTIAL</b>									
Assisted Living	Bed	\$ 10,876	<i>No Comparison Available</i>	<i>No Comparison Available</i>	Assisted Living-Senior: \$368 per DU	<i>No Comparison Available</i>	<i>No Comparison Available</i>	<i>No Comparison Available</i>	<i>No Comparison Available</i>
Hotel/Motel	Room	\$ 755	<i>No Comparison Available</i>	\$376.03 per unit	\$164 per room	\$76 per room	\$ 0.193 per Sq. Ft. (\$97 per room)	<i>No Comparison Available</i>	<i>No Comparison Available</i>
Commercial-Retail	KSF	\$ 1,057	\$0.03 per Sq. Ft. (\$30 per KSF)	\$0.57 per Sq. Ft. (\$570 per KSF)	\$361 per KSF	\$13,791 per Acre (\$313 per KSF)	\$ 0.551 per Sq. Ft. (\$551 per KSF)	\$410 per KSF	\$ 0.45 per Sq. Ft. (\$450 per KSF)
Office	KSF	\$ 680	<i>No Comparison Available</i>	<i>No Comparison Available</i>	\$604 per KSF	\$16,534 per Acre (\$376 per KSF)	\$ 0.644 per Sq. Ft. (\$644 per KSF)	\$1,268 per KSF	<i>No Comparison Available</i>
Industrial	KSF	\$ 151	\$0.01 per Sq. Ft. (\$10 per KSF)	\$0.16 per Sq. Ft. (\$160 per KSF)	\$120 per KSF	\$16,553 per Acre (\$385 per KSF)	\$ 0.257 per Sq. Ft. (\$257 per KSF)	\$799 per KSF	\$ 0.45 per Sq. Ft. (\$450 per KSF)

**[Notes]**

- [1] Sourced: "Coalinga\_Development Impact Fees Master List Updated 10-15-2018\_202008191109278741.pdf"
- [2] Sourced: "KingCity\_Master Fee Schedule Update 1.15.2024\_20240111305358055.pdf"
- [3] Sourced: "CityofMarina - Exhibit A - 21-22 Annual Impact Fee Report.pdf"
- [4] Sourced: "MorganHill\_Impact Fee Schedule Effective January 15, 2024 (PDF)\_202401091843409673.pdf"
- [5] Sourced "SantaCruz\_Citywide Master Fee Schedule\_wlImpactFees.pdf"
- [6] Sourced "CityofSoledad\_Master-Fee-Schedule-FY-24-25.pdf"
- [7] Sourced "City of Watsonville\_Impact Fees 2022-23.pdf"
- [8] May include both police and fire facilities