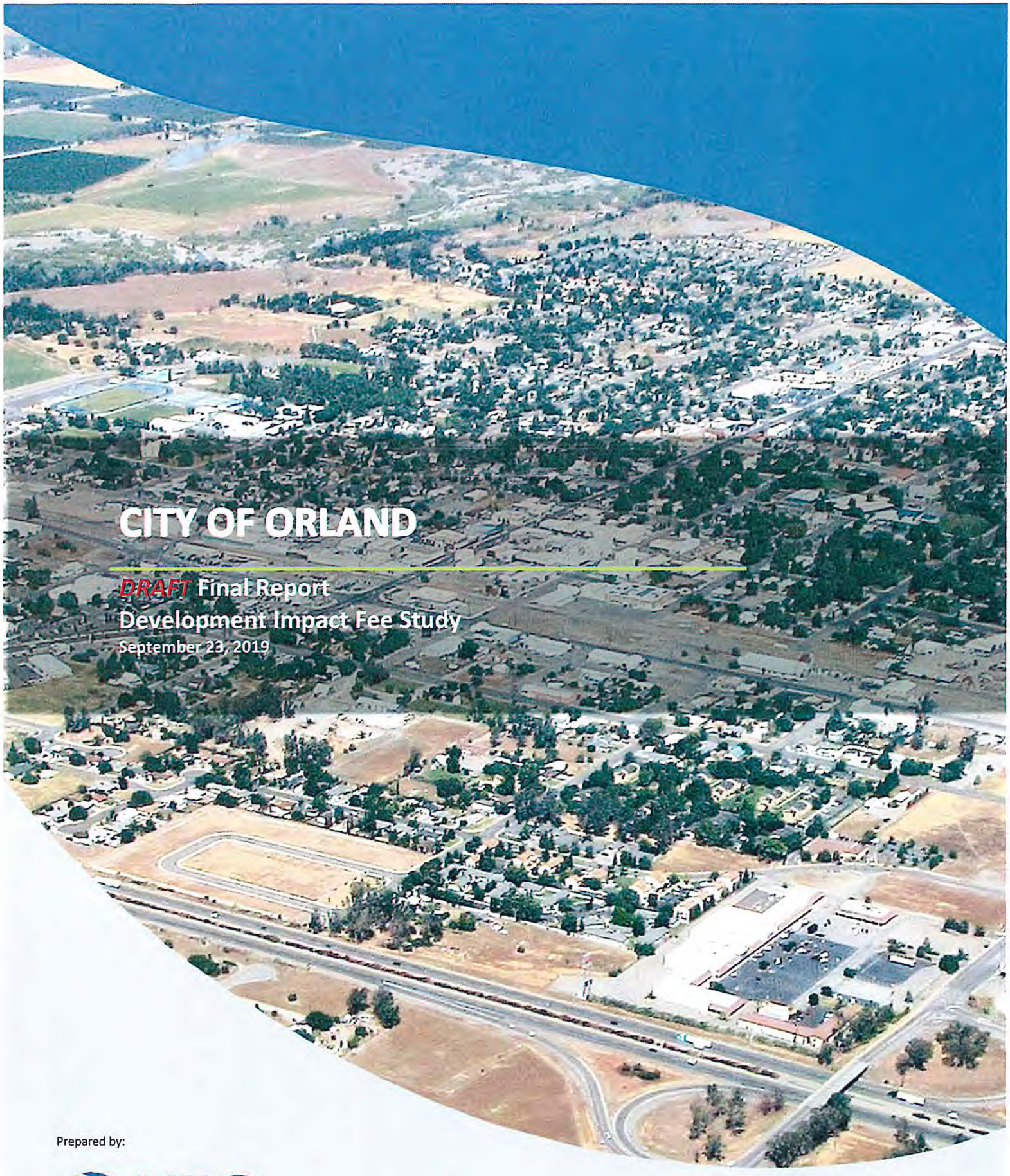


CITY OF ORLAND

DRAFT Final Report
Development Impact Fee Study
September 23, 2019

Prepared by:

NBS
helping communities fund tomorrow
nbsgov.com

Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

Table of Contents

Chapter 0. Executive Summary

The City of Orland has retained NBS Government Finance Group to prepare this study to analyze the impacts of new development on the City's capital facilities and infrastructure and to calculate impact fees based on that analysis. The methods used in this study are intended to satisfy all legal requirements of the U. S. Constitution, the California 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 that is used in this report.

Chapters 3 through 10 analyze the impacts of development on specific types of facilities and calculate impact fees for those facilities. The facilities addressed in this report are listed by chapter below:

Chapter 3. Park Land and Improvements

Chapter 4. Community Centers and Recreation Facilities

Chapter 5. Public Safety Facilities and Equipment

Chapter 6. Library Facilities and Materials

Chapter 7. City Hall Facilities

Chapter 8. Transportation Improvements

Chapter 9. Water System

Chapter 10. Sewer System

Chapter 11 contains recommendations for adopting and implementing impact fees, including suggested findings to satisfy the requirements of the Mitigation Fee Act.

Development Projections

Chapter 2 of this report presents estimates of existing development in Orland and projections of future development to 2039. Future development projected in Chapter 2 is based on estimated growth of 42.9% in population and employment over the next 20 years based on the Orland General Plan low growth rate of 1.8% per year.

The impact fees calculated in this report are in current dollars and do not require assumptions about the rate or timing of future development. The impact fees can be adjusted periodically to keep pace with changes in costs for land and construction.

Impact Fee Analysis

The impact fee analysis for each type of facility addressed in this report is presented in a separate chapter. In each case, the relationship between development and the need for a particular type of facility is defined in a way that allows the impact of additional development on facility needs to be quantified. The impact fees are based on the cost of facilities and other capital assets needed to mitigate the impacts of additional development.

All of the fees calculated in this report are summarized in tables on page S.5 of this Executive Summary. Those fees are based on capital costs and may be spent only for capital facilities and other capital assets identified in this report. The following paragraphs briefly discuss the approach used to calculate impact fees for each type of facility addressed in this study.

Park Impact Fees. Chapter 3 of this report calculates impact fees for park land and park improvements based on the City's existing ratio of park acres to population and the current estimated costs per acre for land and park improvements.

These impact fees are calculated as a cost per capita and then converted into fees per unit of residential development based on the estimated average population per unit for each type of residential development defined in this report.

Because parks and recreation facilities are intended to serve residents of the City, the park and recreation in-lieu and impact fees apply only to residential development.

Community Centers and Recreation Facilities Impact Fee. Chapter 4 calculates impact fees for community centers and recreation facilities. Currently, Orland has a community center impact fee as well as a parks and recreation impact fee that includes both parks and recreation facilities. This study separates recreation facilities from parks and calculates a combined impact fee for community centers and recreation facilities.

The impact fee for community centers and recreation facilities calculated in this study is based on the City's current per-capita investment in the relevant facilities, including land and furniture, fixtures and equipment. The current balance in the community center impact fee fund is treated as an existing asset in the impact fee analysis.

These impact fees are calculated as a cost per capita and then converted into fees per unit of residential development based on the estimated average population per unit for each type of residential development defined in this report.

Because community center and recreation facilities are intended to serve residents of the City, this fee applies only to residential development.

Public Safety Impact Fee. Chapter 5 calculates combined public safety impact fees for law enforcement and fire protection. At present, the City has separate impact fees for law enforcement and fire protection. However, since the impact fees calculated in this

study are based on the cost of a single public safety facility for police and fire, we have combined them.

The estimated cost of the planned new public safety facility is allocated to both existing and future development so that impact fees would cover only future development's proportionate share of the cost. Facility costs are allocated to development using "service population," which is a weighted composite of population and employment in the City. See Chapter 2 for a detailed explanation of service population.

These impact fees are calculated as a cost per capita of service population and then converted into fees per unit of development based on the estimated average service population per unit for each type of development defined in this report.

The public safety impact fees apply to all types of private development in the City.

Library Impact Fee. Chapter 6 calculates impact fees for the City's library. The library impact fees calculated in this study based on the City's current per-capita investment in library facilities, including library materials, land, and furniture, fixtures and equipment. The current balance in the library impact fee fund is treated as an existing asset in the impact fee analysis.

These impact fees are calculated as a cost per capita and then converted into fees per unit of residential development based on the estimated average population per unit for each type of residential development defined in this report.

Because the library is intended to serve residents of the City, this fee applies only to residential development.

City Hall Impact Fee. Chapter 7 calculates impact fees for City Hall facilities. The City Hall impact fee calculated in this study is based on the City's current investment per capita of service population in the existing City Hall and the Carnegie Center, including land and furniture, fixtures and equipment. The current balance in the City Hall impact fee fund is treated as an existing asset in the impact fee analysis.

These impact fees are calculated as a cost per capita of service population and then converted into fees per unit of development based on the estimated average service population per unit for each type of development defined in this report.

Because City Hall facilities serve all development in the City, this fee applies to all types of development defined in this study.

Transportation Impact Fee. Chapter 9 of this report calculates impact fees for transportation improvements. The best available information on transportation improvement needs is the Traffic Impact Study prepared in connection with the 2010 Orland General Plan Update. Estimated costs for transportation improvements have been updated to December 2018.

To calculate this fee, costs for transportation improvements are allocated to development based on the number of peak hour trips generated by various types of development. The transportation facilities impact fees apply to all types of private development in the City.

Water Impact Fee. Chapter 10 of this report calculates impact fees for water system improvements. Those fees are based on future development's share of the cost of water system improvements needed to serve future development.

To calculate this fee, new development's share of the cost of water system improvements is divided by projected average day demand in gallons per day from future development to get a cost per gallon per day. An analysis of 2018-19 billing data by NBS determined the average metered water use in gallons per day for various meter sizes.

To establish the impact fee for various meter sizes, water use for one-inch meters was used as a baseline. Water use for larger meters was estimated using meter capacity data from the American Water Works Association (AWWA). The impact fee for each meter size is based on the average cost per gallon per day and average water use in gallons per day.

Sewer Impact Fee. Chapter 11 of this report calculates impact fees for sewer system improvements. Because the City's existing sewer system has capacity available to serve all future development contemplated in this study, those fees are based on future development's share of the depreciated replacement cost of the existing sewer system and treatment plan.

Like the water impact fee, the sewer impact fee is based on an analysis or water usage from 2018-19 billing data. However in the case of the sewer impact fees, water use is based on winter season demand when water use for landscape irrigation is at a minimum.

This impact fee was calculated using the estimated cost per gallon per day of existing sewer system capacity based on established system capacity and a depreciated replacement cost for the system.

As with the water impact fee, average water demand for a one-inch meter was used as a baseline. Water use for larger meters was estimated using meter capacity data from the American Water Works Association (AWWA). The impact fee for each meter size is based on the average sewer system cost per gallon per day and average winter water use in gallons per day.

Recovery of Administrative Costs

This report recommends that a 2% administrative charge be added to the impact fees to cover the cost of periodic updates to the impact fee study as well as the cost of complying with Mitigation Fee Act accounting, reporting and other administrative mandates.

Table S.2 on the next page shows the impact fees with the 2% administrative charge added.

Impact Fee Summary

Impact fees per unit calculated in this report are summarized in Table S.1, below. The parks and recreation fees shown in this table and the following tables include both the park impact fees and the impact fees for community centers and recreation facilities.

Portions of some tables below are shaded in gray as a reminder that the total fees for development types other than single-family residential do not include the water and sewer fees, which are based on meter size.

Table S.1: Summary of Impact Fees Calculated in This Study

Development Type	Dev Unit [1]	Parks/ Recr	Library	Public Safety	City Hall	Transpor-tation	Water	Sewer	Total
Residential - Single Family	DU	$ 7,089	$ 1,356	$ 2,698	$ 406	$ 1,736	$ 2,658	$ 2,466	$ 18,408
Residential - Multi-Family	DU	$ 6,076	$ 1,162	$ 2,312	$ 348	$ 1,066			$ 10,964
Commercial - Retail	KSF			$ 752	$ 113	$ 6,413	By Meter	By Meter	$ 7,277
Commercial - Office	KSF			$ 906	$ 136	$ 3,189	Size	Size	$ 4,231
Industrial - Light	KSF			$ 540	$ 81	$ 716			$ 1,337
Industrial - Heavy	KSF			$ 299	$ 45	$ 171			$ 514

[1] Units of development; DU = dwelling unit; KSF = 1,000 square feet of building floor area

Table S.2 shows the impact fees from Table S.1 with a 2% administrative charge added. As in Table S.1, totals shown in the shaded portion of the table do not include water and sewer impact fees.

Table S.2: Summary of Impact Fees Calculated in This Study Including 2% Administrative Charge

Development Type	Dev Unit [1]	Parks/ Recr	Library	Public Safety	City Hall	Transpor-tation	Water	Sewer	Total
Residential - Single Family	DU	$ 7,230	$ 1,383	$ 2,752	$ 414	$ 1,771	$ 2,711	$ 2,515	$ 18,776
Residential - Multi-Family	DU	$ 6,197	$ 1,186	$ 2,359	$ 355	$ 1,087			$ 11,184
Commercial - Retail	KSF			$ 767	$ 115	$ 6,541	By Meter	By Meter	$ 7,423
Commercial - Office	KSF			$ 924	$ 139	$ 3,253	Size	Size	$ 4,316
Industrial - Light	KSF			$ 550	$ 83	$ 731			$ 1,364
Industrial - Heavy	KSF			$ 305	$ 46	$ 174			$ 524

Table S.3 shows the City's existing impact fees.

Table S.3: Summary of Existing Impact Fees

Development Type	Dev Unit [1]	Parks/ Recr	Library	Public Safety	City Hall	Transpor-tation	Water	Sewer	Total
Residential - Single Family	DU	$ 7,726	$ 1,256	$ 1,115	$ 148	$ 2,506	$ 1,990	$ 2,431	$ 17,172
Residential - Multi-Family	DU	$ 4,529	$ 736	$ 654	$ 87	$ 1,554	$ 1,393	$ 1,702	$ 10,655
Commercial - Retail	KSF			$ 295	$ 84	$ 3,734	$ 995	$ 1,216	$ 6,324
Commercial - Office	KSF			$ 472	$ 134	$ 2,606	$ 995	$ 1,216	$ 5,423
Industrial - Light	KSF			$ 236	$ 67	$ 2,606	$ 995	$ 1,216	$ 5,120
Industrial - Heavy	KSF			$ 41	$ 33	$ 276	$ 995	$ 1,216	$ 2,561

[1] Units of development; DU = dwelling unit; KSF = 1,000 square feet of building floor area

Table S.4 shows the difference between the proposed fees including the administrative charge in Table S.2, and the existing fees in Table S.3. Again, the difference in total impact fees is correct only for single-family residential development. However, differences in individual impact fees shown in this table are accurate.

Table S.4 Difference Between Existing and Proposed Impact Fees

Development Type	Dev Unit [1]	Parks/ Recr	Library	Public Safety	City Hall	Transpor-tation	Water	Sewer	Total
Residential - Single Family	DU	$ (496)	$ 127	$ 1,637	$ 266	$ (735)	$ 721	$ 84	$ 1,236
Residential - Multi-Family	DU	$ 1,668	$ 450	$ 1,705	$ 268	$ (467)	N/A	N/A	$ 310
Commercial - Retail	KSF			$ 472	$ 31	$ 2,807	N/A	N/A	$ 954
Commercial - Office	KSF			$ 452	$ 5	$ 647	N/A	N/A	$ (1,192)
Industrial - Light	KSF			$ 314	$ 16	$ (1,875)	N/A	N/A	$ (3,782)
Industrial - Heavy	KSF			$ 264	$ 13	$ (102)	N/A	N/A	$ (2,046)

[1] Units of development; DU = dwelling unit; KSF = 1,000 square feet of building floor area

Chapter 1. Introduction

Purpose

The purpose of this study is to analyze the impacts of development on Orland's public facilities and infrastructure, and to calculate development impact fees based on that analysis. This report documents the data and methodology used in the impact fee analysis and presents step-by-step impact fee calculations.

The methods used to calculate impact fees 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 et seq.), and where applicable the Quimby Act (Government Code Section 66477).

Legal Framework for Impact Fees

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

U. S. Constitution. Like all land use regulations, development exactions, including impact fees, are subject to the Fifth 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.

To comply with the Fifth Amendment, development regulations must be shown to substantially advance a legitimate governmental interest, and must not deprive the owner of all economically viable use of the property. In the case of impact fees, the government's interest is in protecting public health, safety and welfare by ensuring that development is not detrimental to the quality and availability of essential public services provided to the community at large.

In two landmark 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 single 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 must demonstrate that the exaction imposed is "roughly proportional" to the burden created by development (See *Dolan v. City of Tigard,* 1994).

Until recently, it was widely accepted that legislatively-enacted impact fees that apply to all development in a jurisdiction are not subject to the higher standard of judicial scruti-

ny flowing from the Nollan and Dolan decisions. But after the U. S. Supreme Court decision in *Koontz v. St. Johns Water Management District (2013),* state courts have reached conflicting conclusions on that issue.

In light of that uncertainty, any agency enacting or imposing impact fees should take care to demonstrate a nexus and ensure proportionality in the calculation of those fees.

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 XIIIA. However, that objection is valid only if the fees exceed the cost of providing capital facilities needed to serve new development. If that were the case, then the fees would also run afoul of the U. S. Constitution and the Mitigation Fee Act.

Articles XIIIC and XIIID, added 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."

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, other provisions of the Government Code (see Section 65913.8) prohibit the use of impact fees for 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 more 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 terms "impact fee" and "development impact fee" which both 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 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:
   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. (Applies when fees are imposed on a specific project.)

Each of those requirements is 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 construction of certain capital improvements that will be needed to mitigate the impacts of planned new development on City facilities, and to maintain an acceptable level of public services as the City 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, 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. In this case, we recommend that the City Council adopt this report as the public document that identifies the facilities to be funded by the fees.

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.

These three reasonable relationship requirements, as defined in the statute, mirror the nexus and proportionality requirements often cited in court decisions as the standard for defensible impact fees. The term "dual rational nexus" is often used to characterize the standard used by courts in evaluating the legitimacy of impact fees. The "duality" of the nexus refers to (1) an impact or need created by a development project subject to impact fees, and (2) a benefit to the project from the expenditure of the fees.

Although proportionality is reasonably implied in the dual rational nexus formulation, it was explicitly required by the Supreme Court in the *Dolan* case, and we prefer to list it as the third element of a complete nexus.

Demonstrating an Impact. All new development in a community creates additional demands on some or all public facilities provided by local government. If the supply 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 *Dolan* 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.

Demonstrating a Benefit. 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 expeditiously 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.

Demonstrating Proportionality. 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.

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.

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).

That amendment does not appear to be a substantive change. It is widely understood that other provisions of law make it improper for impact fees to include costs for correcting existing deficiencies.

However, 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 Fee Calculation Methodology

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 facility type being addressed. Each method has advantages and

disadvantages in a particular situation. To some extent they are interchangeable, because they all allocate facility costs in proportion to the needs created by development.

Reduced to its essence, the process of calculating impact fees involves two steps: (1) determining the cost of development-related capital improvements, and (2) allocating those costs equitably to various types of development. In practice, though, the calculation of impact fees can become quite complicated because of the many factors affecting the relationship between development and the need for facilities.

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 measured 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.

This report uses the term "demand variable" to refer to such attributes. Different demand variables are used in analyzing different types of facilities. Specific demand variables used in this study are discussed in more detail in subsequent chapters. The following paragraphs discuss three general approaches to calculating impact fees and how they can be applied to various types of facilities.

Plan-Based or Improvements-Driven Method. Plan-based impact fee calculations are based on the relationship between a specified set of improvements and a specified increment of development. The improvements are typically identified in a facility plan, while the development is identified in a land use plan that forecasts potential development by type and quantity.

Using this method, facility costs are allocated to various categories of development in proportion to the service demand created by each type of development. To calculate plan-based impact fees, it is necessary to determine what facilities will be needed to serve a particular increment of additional development.

With this method, the total cost of eligible facilities is divided by the total units of additional demand to calculate a cost per unit of demand (e.g. a cost per peak hour trip for street improvements). Then, the cost per unit of demand is multiplied by factors representing demand per unit of development (e.g. peak hour trips per unit) to arrive at a cost per unit of development.

This method is somewhat inflexible in that it is based on the relationship between a specific facility plan and a specific land use plan. If either plan changes significantly the fees will have to be recalculated.

Capacity-Based or Consumption-Driven Method. This method calculates a cost per unit of capacity based on the relationship between total cost and total capacity of a system. It can be applied to any type of development, provided the capacity required to serve

each increment of development can be estimated and the facility has adequate capacity available to serve the development. Since the cost per unit of demand does not depend on the particular type or quantity of development to be served, this method is flexible with respect to changing development plans.

In this method, the cost of unused capacity is not allocated to development. Capacity-based fees are most commonly used for water and wastewater systems, where the cost of a system component is divided by the capacity of that component to derive a unit cost. However, a similar analysis can be applied to other types of facilities. To produce a schedule of impact fees based on standardized units of development (e.g. dwelling units or square feet of non-residential building area), the cost per unit of capacity is multiplied by the amount of capacity required to serve a typical unit of development in each of several land use categories.

Standard-Based or Incremental Expansion Method. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. The standard can be established as a matter of policy or it can be based on the level of service being provided to existing development in the study area.

Using the standard-based method, costs are defined on a generic unit-cost basis and then applied to development according to a standard that sets the number of service units to be provided for each unit of development.

Park in-lieu and impact fees are commonly calculated this way. The level of service standard for parks is typically stated in terms of acres of parks per thousand residents. A cost-per-acre for park land or park improvements can usually be estimated without knowing the exact size or location of a particular park. The ratio of park acreage to population and the cost per acre for parks can be used to calculate a cost per capita. The cost per capita can then be converted into a cost per unit of development based on the average population per dwelling unit for various types of residential development.

This approach can also be used for facilities such as libraries and administrative buildings, where it is possible to estimate a generic cost per square foot before a building is actually designed. One advantage of the standard-based method is that a fee can be established without committing to a particular size of facility, and facility size can be adjusted based on the amount of development that actually occurs.

Buy-In or Recoupment Fees. Buy-in fees can be calculated using either the plan-based method or the capacity-based method described above. The difference is that this type of fee is intended to recover a portion of the cost of existing facilities rather than facilities to be built in the future.

Buy-in fees are widely used for water and sewer facilities which must be constructed before development can occur. But they can also be used for other types of facilities,

assuming such facilities are available to serve future development and have the capacity to do so.

Facilities Addressed in this Study

Impact fees for the following types of facilities are addressed in this report:

- Parks
- Community Centers and Recreation Facilities
- Public Safety
- Library
- City Hall
- Transportation
- Water System
- Sewer System

The next chapter, Chapter 2, contains data on land use and development in the City. The impact fee calculations for various facilities are contained in subsequent chapters, beginning with Chapter 3.

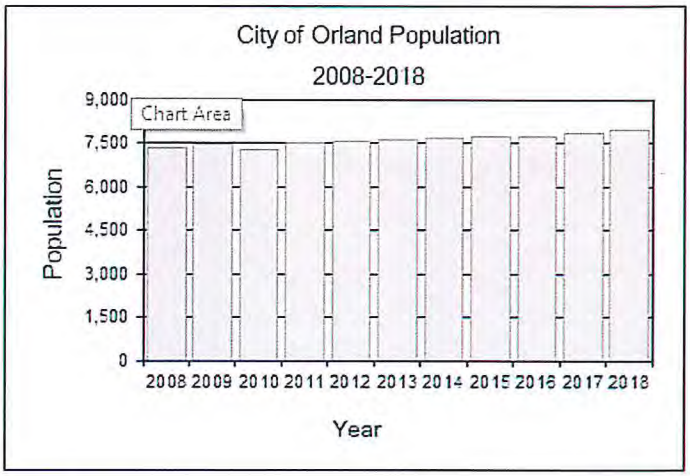
Chapter 2. Development Data

This chapter presents development data 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 between existing and future development and among various types of new development.

Recent Growth

The graph at right shows the California Department of Finance (DOF) January 1 population estimates for the City of Orland for the years from 2008 through 2018. The 2010 population based on the decennial census shows a slight dip, which corrects overestimates for previous years.



Since 2010, Orland has grown at an average rate of about 0.8% per year. However, population growth for 2016 and 2017 averaged 1.4%. The City's January 1, 2018 population of 7,932, as estimated by DOF, is an increase of 641 or 8.1% from a population of 7,291 at the time of the 2010 Census.

The population figures shown above include both household population and population in group quarters[1]. Orland's population in group quarters in 2018 is very small, numbering only 11. For purposes of assessing the impacts of development, this report will use household population.

Study Area and Development Scenario

The study area for this impact fee study is the planning area defined in the Orland General Plan. The development scenario used in this study is based on twenty years of growth from 2019 to 2039. It is important to note, however, that the time frame itself is

[1] A group quarters is a place where people live or stay other than the usual house, apartment, or mobile home. Two general types of group quarters are recognized: institutional (for example, nursing homes, mental hospitals or wards, hospitals or wards for chronically ill patients, hospices, and prison wards) and non-institutional (for example, college or university dormitories, military barracks, group homes, shelters, missions, and flophouses). Group quarters may have housing units on the premises for staff or guests. (Source: U. S. Census Bureau)

not a factor in the calculation of impact fees in this study. It is used only to project the amount of future development to be addressed in this report.

Development Types

The development types used in this study are intended to reflect actual land uses rather than zoning or general plan land use designations.

The following breakdown of development types is used in this study:

- Residential - Single Family
- Residential – Multi-Family
- Commercial - Retail
- Commercial - Office
- Industrial - Light
- Industrial - Heavy

Demand Variables

In calculating impact fees, the relationship between facility needs and development must be quantified in cost allocation formulas. Certain measurable attributes of development (for example, added population or added vehicle trips) are used as "demand variables" in those formulas to represent the impact of different types of development on the need for particular additional public facilities.

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.

For example, the level-of-service standard for parks in a community is typically defined as a ratio of park acreage to population. As population grows, more parks are needed to maintain the relevant standard. Logically, then, the increase in population related to new residential development is an appropriate yardstick, or demand variable, for measuring the impact of development on the need for additional parks.

Each demand variable has a specific value for each type of development defined in this study. Those values may be referred to as "demand factors." So, if the **demand variable** is added population, the **demand factor** for single-family residential development would be the population per dwelling unit for that type of development.

Specific demand variables used in this study are discussed below.

Population. Resident population is used in this study to represent the need for facilities such as parks and recreation facilities that are intended to serve residents of the City and are not impacted substantially by other types of development. In this study, added population reflects only the impacts of residential development.

Service Population. For some facilities that serve both residential and non-residential development, service population is used as the demand variable for impact fee calculations in this study.

Service population is a composite variable that includes both residents of the City and employees of businesses in Orland. Residents are used represent the impacts of residential development and employees are used to represent the impacts of non-residential development.

Because the impact of one new resident is not necessarily the same as the impact of one new employee, employee numbers are weighted to reflect the difference. In estimating those weights, residents are assigned a weight of 1.0. The weight assigned to employees is relative to the residential weight of 1.0.

The most common method of assigning a weight to employees in a service population is based on the number of hours per residents and employees are likely to be present in the City compared with residents.

While many residents, including children and retirees may spend a virtually all of their time in the City, working adults spend a significant share of their time at their places of employment, which may be outside the City.

The most recent available data on commuting characteristics for Orland are from the Census Bureau's American Community Survey (ACS) 2012-2016 five-year estimates. The 2016 population of Orland was 7,665. Of that number, 2,830 were workers aged 16 and over. Of that number, 1,941 commuted outside the City to work, which leaves 889 City residents working in the City. According to 2016 Census Bureau Zip Code Business Patterns data, there were 1,954 jobs in Zip Code 95963. This study assumes that 90% or 1,759 of those jobs were located in the City.

The total number of hours in a week is 168. Assuming a typical employee of a business in Orland works eight hours a day, five days a week, and takes one hour for lunch each day, the average time spent per week in the City as an employee would be 45 hours.

This study assumes that non-workers and residents employed in Orland spend 168 hours a week in the City. It also assumes that out-commuters spend 50 hours per week commuting and working outside the City, which leaves 118 hours a week in the City. In-commuters will be assumed to spend 45 hours per week in the City.

When those numbers are applied to the shares of the population in each category discussed above (non-workers, residents working in the City, out-commuters and in-commuters), the average number of hours per week spent in the City by all components of the service population is 144.1. At 45 hours a week in the City, the typical employee represents 31.2% of the average. Consequently, employees will be given a weight of 0.312 in the service population defined in this study.

Peak Hour Trips. The demand variable used to calculate impact fees for street system improvements in this report is peak hour trips. This study uses p.m. peak-hour-trips

(PHT) instead of average daily trips (ADT) because the need for capacity in the street system is most critical during the peak hour, which normally occurs between 4:00 p.m. and 6:00 p.m. on weekdays during the commute home from work.

Demand Factors

Table 2.1 shows the values of basic demand factors used in this study by development type.

Table 2.1: Demand Factors Used in This Study

Development Type	Dev Unit [1]	Population per Unit [2]	Employees per Unit [3]	Svc Pop per Unit [4]	Pk Hr Trips per Unit [5]
Residential - Single Family	DU	2.80		2.80	1.01
Residential - Multi-Family	DU	2.40		2.40	0.58
Commercial - Retail	KSF		2.50	0.78	3.75
Commercial - Office	KSF		3.00	0.94	1.49
Industrial - Light	KSF		1.80	0.56	0.98
Industrial - Heavy	KSF		1.00	0.31	0.57

[1] Units of development: DU = dwelling unit; KSF = 1,000 square feet of building area; Acre = net acre

[2] Population per unit estimated by Colgan Consulting using data from the 2016 U. S. Census Bureau American Community Survey 5-Year estimate for Orland and the California Department of Finance population estimates

[3] Employees per unit factors estimated by Colgan Consulting and the City of Orland

[4] Service population per unit = 1.0 X population per unit for residential development and 0.312 employees per unit for non-residential development (see discussion of service population in text of Chapter 2)

[5] P.M. peak hour trips per unit of development based on data from the Institute of Transportation Engineers (ITE) publication *Trip Generation* , 7th Edition

Development Data and Growth Assumptions

Table 2.2 on the next page shows existing development data and growth assumptions, including population, employment, service population and residential units. Estimated dwelling units and population for January 1, 2019 are projected from 2018 Department of Finance estimates based on a recent growth rate of 1.1% per year. 2019 employment is estimated using data from the U. S. Census Bureau's Zip Code Business Patterns. The most recently available employment data is for 2016. The 2016 number is projected to 2019 based on a recent growth rate of 3% per year.

Future development is projected for 20 years out to 2039. Projections of dwelling units and population are based on the General Plan low growth rate of 1.8% per year. Projections of employment growth to 2039 are also based on a rate of 1.8% per year.

Table 2.2: City of Orland - Development Data and Growth Assumptions

	January 2019	January 2039	Increase	% Increase
Population [1]	8,011	11,446	3,435	42.9%
Employees [2]	1,925	2,750	825	42.9%
Service Population [3]	8,612	12,305	3,693	42.9%
Residential Development				
Single-Family Units [4]	2,242	3,203	961	42.9%
Multi-Family Units [4]	727	1,039	312	42.9%
Total DU	**2,969**	**4,242**	**1,273**	

[1] Estimated January 1, 2019 population increased by 1.4% from the January 1, 2018 Department of Finance estimates based on the recent trend, population growth from 2019 to 2039 is projected using the General Plan low growth rate of 1.8% per year

[2] January 1, 2019 employment based on the 2016 Census Bureau estimate for Zip Code 95963 ; the 2016 number has been increased 3% per year to 2019 based on the recent trend; this estimate assumes that 90% of total zip code employment is located in the City of Orland; 2039 employment is projected using the General Plan low growth rate of 1.8% per year compounded

[3] Service population = population + (employees X 0.312)

[4] Estimated January 2019 single family and multi-family dwelling units assume an increase of 1.1% from the January 2018 Department of Finance estimate; projected 2039 single-family and multi-family dwelling units are based on the General Plan low growth rate of 1.8% per year compounded; mobile homes are included in the single-family category; as of 2018, there were an estimated 78 mobile homes in Orland; that number has not increased since at least 2010

Chapter 3. Park Impact Fees

This chapter calculates impact fees for park land and park improvements, as well as park maintenance vehicles and equipment.

Methodology

The method used to calculate impact fees in this chapter is the standard-based method discussed in Chapter 1. That method calculates impact fees using a level-of-service standard and the estimated cost of new facilities needed to maintain that standard. The level of service standard used in this chapter is discussed below.

Demand Variable

A demand variable is an attribute of development that is used to represent the impact of development on a particular type of facility. The need for parks is almost universally defined in terms of the population to be served, so the demand variable used to calculate impact fees in this chapter is added population. See Chapter 2 for a general discussion of demand variables and demand factors.

Because the impact of development on the need for parks is created by an increase in population associated with new residential development, the fees calculated in this chapter will apply only to new residential development.

Service Area

Orland's parks serve the entire City, so impact fees for those facilities will apply to all new residential development in the City and any portion of the sphere of influence annexed into the City in the future.

Level of Service

The level of service standard used to calculate impact fees for parks in this chapter is the City's existing level of service, defined as the relationship between existing population and existing facilities.

In the case of park land and improvements, level of service is defined in terms of the relationship between park acreage and population. For park maintenance vehicles and equipment, level of service is defined in terms of the relationship between population and the cost of those assets.

Existing Facilities and Existing Vehicles and Equipment

Existing Parks. Table 3.1 lists Orland's existing parks and their acreages, including total acreage and improved acreage for each park.

Table 3.1: Existing Parks

Park Name	Park Type	Total Acres	Improved Acres
Visionhaler Park	Community Park	18.00	18.00
Library Park	Community Park	2.60	2.60
Spence Park	Community Park	2.10	2.10
Heartland Park	Neighborhood Park	1.20	1.20
Lely Aquatic Park	Community Park	23.00	23.00
Improved Acres to be funded with Impact Fee Fund Balance[1]		0.89	0.89
Total		**47.79**	**47.79**

Source: City of Orland Recreation Department

[1] Acres to be funded with the 12/31/2018 park impact fee fund balance = the fund balance of $268,527 / the sum of the costs per acre for park land and park improvements from Tables 3.5 and 3.6

Existing Park Maintenance Vehicles and Equipment. Table 3.2 lists the City's existing park maintenance vehicles and equipment and their current value.

Table 3.2: Existing Park Maintenance Vehicles & Equipment

Year	Make	Model	2018 Est Value[1]
	Ford	Tractor	8,000.00
2006	John Deere	Mower	10,000.00
2008	John Deere	4320	27,470.00
2012	John Deere	Mower	20,000.00
1988	Ford	Backhoe	20,000.00
1997	John Deere	Mower	10,000.00
2017	John Deere	5717M	10,001.00
		Trailer	1,500.00
1999	Chevy	Truck P/U	8,000.00
Total			**114,971.00**

[1] Source: City property inventory

Existing Level of Service and Cost per Capita

Existing Level of Service – Park Land. Table 3.3 shows the existing ratios of park acreage to population for city-owned park land and improved park land in City parks.

Table 3.3: Existing Level of Service - Parks

Park Types	Existing Acres [1]	Existing Population [2]	Acres per Capita [3]	Acres per 1,000 [4]
City-owned Park Land	47.79	8,011	0.00597	5.97
Improved Park Acreage	47.79	8,011	0.00597	5.97

[1] See Table 3.1

[2] See Table 2.2

[3] Acres per capita = existing acres / existing population

[4] Acres per 1,000 population = acres per capita X 1,000

Existing Level of Service – Park Maintenance Vehicles and Equipment. Table 3.4 shows the existing ratio of 2018 value to existing population for park maintenance vehicles and equipment.

Table 3.4: Existing Level of Service - Park Maintenance Equipment

Vehicle/Equipment 2018 Value	Existing Population [2]	Cost per Capita
$114,971	8,011	$14.35

[1] See Table 3.2

[2] See Table 2.2

[3] Cost per capita = 2018 value / existing population

Cost per Capita - Park Land Acquisition. Table 3.5 calculates the cost per capita for park land acquisition, based on acres of city-owned park land per capita from Table 3.3 and the estimated cost per acre for park land acquisition. The cost per capita will be used to calculate impact fees per unit of development for park land acquisition in the next section.

Table 3.5: Cost per Capita - Park Land Acquisition

Cost Component	Cost per Acre [1]	Acres per Capita [2]	Cost per Capita [3]
Land Acquisition	$ 50,000	0.00597	$ 298.30

[1] Cost per acre estimated by the City of Orland

[2] See Table 3.3

[3] Cost per capita = cost per acre X acres per capita

Cost per Capita - Park Improvements. Table 3.6 calculates the cost per capita for park improvements based on the acres of improved park land per capita from Table 3.3 and the estimated cost per acre for park improvements. The cost per capita will be used to

calculate impact fees per unit of development for park improvements in the next section.

Table 3.6: Cost per Capita - Park Improvements

Cost Component	Cost per Acre [1]	Acres per Capita [2]	Cost per Capita [3]
Park Improvements	$ 250,000	0.00597	$ 1,491.49

[1] Cost per acre estimated by the City of Orland

[2] See Table 3.3

[3] Cost per capita = cost per acre X acres per capita

Impact Fees per Unit of Development

This section shows the calculation of impact fees per dwelling unit for park land acquisition, park improvements, and park maintenance vehicles and equipment.

Impact Fees per Unit - Park Land Acquisition. Table 3.7 calculates park land acquisition impact fees per dwelling unit based on the cost per capita from Table 3.5 and the population per dwelling unit from Table 2.1.

Table 3.7: Park Land Acquisition Impact Fees per Unit

Development Type	Units [1]	Cost per Capita [2]	Population per DU [3]	Impact Fee per Unit [4]
Residential - Single Family	DU	$ 298.30	2.80	$ 835.24
Residential - Multi-Family	DU	$ 298.30	2.40	$ 715.92

[1] Units of development: DU = dwelling unit

[2] See Table 3.5

[3] See Table 2.1

[4] Impact fee per unit = cost per capita X population per dwelling unit

Impact Fees per Unit - Park Improvements. Table 3.8 calculates park improvement impact fees per dwelling unit based on the cost per capita from Table 3.6 and the population per dwelling unit from Table 2.1.

Table 3.8: Park Improvement Impact Fees per Unit

Development Type	Units [1]	Cost per Capita [2]	Population per DU [3]	Impact Fee per Unit [4]
Residential - Single Family	DU	$ 1,491.49	2.80	$ 4,176.17
Residential - Multi-Family	DU	$ 1,491.49	2.40	$ 3,579.58

[1] Units of development: DU = dwelling unit

[2] See Table 3.6

[3] See Table 2.1

[4] Impact fee per unit = cost per capita X population per dwelling unit

Impact Fees per Unit - Park Maintenance Equipment. Table 3.9 calculates impact fees per dwelling unit for park maintenance equipment, based on the cost per capita from Table 3.4 and the population per dwelling unit from Table 2.1.

Table 3.9: Park Maintenance Vehicle/Equipment Impact Fees per Unit

Development Type	Units [1]	Cost per Capita [2]	Population per DU [3]	Impact Fee per Unit [4]
Residential - Single Family	DU	$ 14.35	2.80	$ 40.18
Residential - Multi-Family	DU	$ 14.35	2.40	$ 34.44

[1] Units of development: DU = dwelling unit

[2] See Table 3.4

[3] See Table 2.1

[4] Impact fee per unit = cost per capita X population per dwelling unit

Impact Fee Summary

Table 3.10 shows a summary of the impact fees per dwelling unit calculated in this chapter for park land, park improvements, park maintenance equipment.

Table 3.10: Summary of Parks Impact Fees per Unit

Development Type	Units [1]	Park Land Impact Fees [2]	Park Imprvmt Impact Fees [3]	Vehicle/Equip Impact Fees [4]	**Total Impact Fees per Unit [5]**
Residential - Single Family	DU	$ 835.24	$ 4,176.17	$ 40.18	**$ 5,051.60**
Residential - Multi-Family	DU	$ 715.92	$ 3,579.58	$ 34.44	**$ 4,329.94**

[1] Units of development: DU = dwelling unit

[2] See Table 3.7

[3] See Table 3.8

[4] See Table 3.9

[5] Total impact fees per unit = sum of the impact fees shown in this table

Projected Revenue

Table 3.11 shows projected revenue from the impact fees calculated in this chapter. Potential revenue for the added residential development shown in Table 2.2 is projected by applying the total impact fees per unit from Table 3.10 to added units of development from Table 2.2.

Table 3.11: Projected Revenue - Parks and Recreation Impact Fees

Development Type	Dev Units [1]	Impact Fees per Unit [2]	Future Units [3]	Projected Revenue [4]
Residential - Single Family	DU	$ 5,051.60	961	$ 4,854,584
Residential - Multi-Family	DU	$ 4,329.94	312	$ 1,350,941
Total				**$ 6,205,526**

[1] Units of development: DU = dwelling unit

[2] See Table 3.10

[3] See Table 2.2

[4] Projected revenue = impact fees per unit X future units

Updating the Fees

The fees calculated in this chapter are based on current costs. We recommend that these fees be reviewed annually and updated as necessary based on changes in the cost of park land, park improvements and the other assets for which impact fees are calculated in this chapter.

Construction costs in general are often adjusted using the *Engineering News Record* Building Cost Index (BCI) or Construction Cost Index (CCI). However, those indexes may not accurately reflect changes in costs for park improvements or maintenance equipment. Adjustments to land cost should be based on local data.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must 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 on the need for parks in Orland.

Use of the Fee. The impact fees calculated in this chapter will be used to acquire park land, construct park improvements, and acquire additional maintenance vehicles and equipment needed to mitigate the impacts of new development.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

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 parks, and park maintenance equipment needed to mitigate the impacts of added population associated with new residential development in Orland.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New residential development leads to population growth, which creates a need for additional parks to maintain the existing level of service, as discussed in this chapter. Without the provision of additional parks, new development would result in a reduction in the level of service provided to all residents of the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees charged to a development project will depend on the number and type of dwelling units in that project. The fees per dwelling unit calculated in this chapter for each type of residential development are based on the average population per dwelling unit for that type of dwelling in Orland. Thus, the fee charged to a development project reflects the impact of added population associated with the project paying the fees.

Chapter 4. Community Centers/Recreation Facilities

This chapter calculates impact fees for community centers and recreation facilities needed to serve future development in Orland. The City has an existing recreation center at Lely Park and has plans to construct a new community center adjacent to that facility. The City swimming pool is also classified as a recreation facility in this study.

At the time of this study, Orland has a community center impact fee as well as a parks and recreation impact fee that includes recreation facilities. This study separates recreation facilities from parks, and this chapter calculates a combined impact fee for community centers and recreation facilities.

Methodology

The method used to calculate impact fees in this chapter is the standard-based method discussed in Chapter 1. That method calculates impact fees using a level-of-service standard and the cost of new facilities needed to maintain that standard. The level of service used in this chapter is discussed below.

Demand Variable

A demand variable is an attribute of development that is used to represent the impact of development on a particular type of facility. See Chapter 2 for a general discussion of demand variables and demand factors.

Community centers and recreation facilities are intended to serve residents of the City. So, as with parks, population will be used as the demand variable in calculating impact fees for those facilities.

Service Area

Orland's community centers and recreation facilities serve the entire City, so impact fees for those facilities will apply to all new residential development in the City and any portion of the sphere of influence annexed into the City in the future.

Level of Service

The level of service standard used to calculate impact fees for community centers and recreation facilities in this chapter is the existing level of service, defined as the City's current capital investment in those facilities per capita of population. The fees calculated in this chapter are designed to maintain that existing level of service as the City grows.

Existing Facilities

Table 4.1 shows the estimated replacement cost for the City's recreation facilities. Costs for the Lely Park Recreation Center include building construction cost, site improve-

ments and furniture, fixtures and equipment (FFE). Because that facility and the City swimming pool are located in parks, no land cost is included for those facilities.

Table 4.1 uses replacement cost to calculate the City's current investment per capita in community centers and recreation facilities so those costs are in line with current costs. The balance in the Community Center Impact Fee Fund is included as an existing asset, representing additional facilities that can be funded with impact fees previously collected from what is now existing development.

Table 4.1: Existing Community and Recreation Facilities

Asset	Units	Existing Units	Est Repl Cost per Unit	Impact Fee Cost Basis [6]
Lely Park Recreation Center Building [1]	Sq. Ft.	8,664	250.00	$ 2,166,000
Lely Park Recreation Center FF&E [2]	Sq. Ft.	8,664	10.00	$ 86,640
Lely Park Recreation Center Site Imprvmts [3]	Acres	0.25	250,000.00	$ 62,500
City Swimming Pool [4]	N/A	N/A	Lump Sum	$ 3,000,000
Site for Future Museum				$ 150,000
Community Center Impact Fee Fund Balance [5]				$ 362,620
Total				**$ 5,827,760**

[1] Replacement cost estimated by the City of Orland

[2] Replacement cost for furniture, fixtures and equipment estimated by NBS

[3] Replacement cost per acre for site improvements and parking estimated by the City of Orland

[4] Replacement cost for the City swimming pool estimated by the City of Orland

[5] Community center impact fee fund balance as of 12/31/18

[6] The impact fee cost basis = the sum of replacement costs for existing assets

Cost per Capita

Table 4.2 calculates an average replacement cost per capita based on the estimated replacement cost for existing community centers and recreation facilities from Table 4.1 and the existing population of the City.

Table 4.2: Community and Recreation Facilities - Cost per Capita

Impact Fee Cost Basis [1]	Existing Population [2]	Cost per Capita [3]
$5,827,760	8,011	$727.47

[1] See Table 4.1

[2] See Table 2.2

[3] Replacement cost per capita = total replacement cost / existing population

Impact Fees per Unit of Development

Table 4.3 shows the calculation of impact fees per unit of development by development type for community centers and recreation facilities. Impact fees per unit are calculated using the replacement cost per capita from Table 4.2 and population per unit factors from Table 2.1.

Table 4.3: Community and Recreation Facilities - Impact Fees per Unit

Development Type	Units [1]	Cost per Capita [2]	Population per Unit [3]	Impact Fee per Unit [4]
Residential - Single Family	DU	$ 727.47	2.80	$ 2,036.92
Residential - Multi-Family	DU	$ 727.47	2.40	$ 1,745.93

[1] Units of development; DU = dwelling unit

[2] See Table 4.2

[3] See Table 2.1

[4] Impact fee per unit = cost per capita X population per unit

Projected Revenue

Table 4.4 on the next page shows projected revenue from the impact fees calculated in this chapter. Potential revenue for the added development shown in Table 2.2 is projected by applying the impact fees per unit from Table 4.3 to added units of development from Table 2.2.

The impact fees calculated in this chapter are based on current facility replacement costs, so the projected revenue shown in Table 4.4 is shown in current dollars. In order to keep pace with changes in those costs over time, impact fees need to be adjusted periodically. Those adjustments are discussed in the next section.

Table 4.4: Projected Revenue - Community & Rec Center Impact Fees

Development Type	Dev Units [1]	Impact Fee per Unit [2]	Future Units [3]	Projected Revenue [4]
Residential - Single Family	DU	$ 2,036.92	961	$ 1,957,476
Residential - Multi-Family	DU	$ 1,745.93	312	$ 544,729
Total				**$ 2,502,205**

[1] Units of development; DU = dwelling unit

[2] See Table 4.3

[3] See Table 2.2

[4] Projected revenue = impact fee per unit X future units

Updating the Fees

The costs shown in this chapter are based on current facility replacement costs. We recommend that these fees be reviewed annually and updated as necessary based on changes in the cost of land and construction.

Building construction costs can be adjusted using the *Engineering News Record* Building Cost Index (BCI).

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must 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 on the need for community centers and recreation facilities in Orland.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional community centers and recreation facilities to mitigate the impacts of new development in the City.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. New residential development allows the City's population to increase, thereby increasing the demand for community centers and recreation facilities

to serve the additional population. The fees calculated in this chapter will be used to mitigate the impact of population growth on the need for community centers and recreation facilities in Orland.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for community centers and recreation facilities to maintain the existing level of service, as described earlier in this chapter. Without additional community centers and recreation facilities, new development would result in a reduction in the level of service provided to all development in the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the community centers and recreation facilities impact fees charged to a residential development project will depend on the increase in population associated with that project. The fees per unit of development calculated in this chapter for each type of residential development are based on the population per unit for that type of development in Orland. Thus, the fee charged to a development project reflects the impact of that project on the need for community centers and recreation facilities in the City.

Chapter 5. Public Safety Facilities and Equipment

This chapter calculates impact fees for public safety facilities and equipment for both the Police Department and the Fire Department. Currently, the Police Department shares a building with City Hall and the space occupied by the Police Department is already over-capacity.

The City's Orland Volunteer Fire Department (OVFD) currently occupies two buildings which are shared with the Orland Rural Fire Protection District (ORFPD). OVFD and ORFPD each own firefighting apparatus and equipment for use in their areas of responsibility. Until recently, both organizations were staffed 100% by volunteers, but starting in 2019 they agreed to share the cost of a full-time paid Fire Chief.

The City plans to construct a new Public Safety Building to accommodate both the Police Department and OVFD. That building will serve both existing and future development. This chapter does not address the cost of fire protection apparatus and equipment because those assets are a top priority for funding from tax revenue generated by the City's Measure A.

Methodology

Two methods are used for different components of the impact fees calculated in this chapter. Impact fees for public safety facilities use the plan-based method discussed in Chapter 1, which allocates the cost of facilities to the development served by those facilities. Impact fees for police vehicles use the standard-based method, which bases fees on a specified level of service. In this case, that is the existing level of service represented by the relationship between existing assets and existing service population.

Demand Variable

A demand variable is an attribute of development that is used to represent the impact of development on a particular type of facility. See Chapter 2 for a general discussion of demand variables and demand factors.

The demand variable used to calculate impact fees for public safety facilities and equipment is service population, which is also discussed in detail in Chapter 2. Service population is used in this analysis because the Police and Fire Departments serve all types of development in the City and service population represents both residential and non-residential development.

Service Area

Orland's public safety departments serve the entire City, so the impact fees calculated in this chapter will apply to all new development in the City and any portion of the sphere of influence annexed into the City in the future.

Facility Needs

The public safety impact fees calculated in this chapter are based on new development's proportionate share of the cost of the City's planned new public safety facility. Table 5.1 shows the estimated cost that facility, which will be built on a City-owned 2.1 acre site on Sixth Street. At this time, the City has not developed preliminary plans for the public safety facility and is using a police and fire facility constructed in 2011 by the City of Winters as a prototype. Winters, with an estimated January 2019 population of about 7,400, is slightly smaller than Orland.

The main building of the Winters Police-Fire facility is 34,500 square feet with a 5,700 square foot outbuilding for storage. The facility, which includes four apparatus bays, an emergency operations center and a community room is on a 2.8 acre site. Construction cost in 2011 was $6.9 million, excluding soft costs (e.g., design, project administration and testing) which could account for an additional 25% and bring the total cost of the project to $8.6 million. The Engineering News Record Building Cost Index (BCI) has increased approximately 26% since that project was bid in 2009, which would bring the cost of a similar building to approximately $10.9 million today.

Table 5.1 shows the estimated cost of a new public safety facility for the City of Orland. No land cost is included because the City already owns the site.

Table 5.1: Public Safety Facility

Cost Component	Floor Area (Sq Ft)	Cost per Sq Ft	Estimated Total Cost [1]
Proposed Public Safety Facility	40,000	$272.50	$ 10,900,000
Total			**$ 10,900,000**

[1] Estimated cost based on a similar facility constructed by the City of Winters; see discussion in text

Table 5.2 on the next page lists the Police Department's existing vehicles and their estimated replacement cost. Replacement cost is used here to reflect the cost of acquiring new police vehicles to expand the fleet as the City grows. Impact fees may not be used for replacement of existing vehicles.

Table 5.2: Existing Police Vehicles and Equipment

Quantity	Year	Make	Model	Repl Cost per Unit	Total Repl Cost
1	2014	Ford	Explorer	$ 40,000	$ 40,000
9	2017	Chevy	Tahoe	$ 65,000	$ 585,000
11	Officers' Personal Equipment			$ 4,000	$ 44,000
Total					**$ 669,000**

Source: Inventory of existing police vehicles and cost per unit provided by the Orland Police Department

Cost per Capita

The proposed new public safety facility is expected to serve the needs of the City out to 2039, the planning horizon for this study. Table 5.3 calculates a cost per capita for the new public safety facility based on the estimated cost of that facility, and the forecasted 2039 service population of the City.

Table 5.3: Public Safety Facility - Cost per Capita

Asset	Estimated Cost [1]	2039 Svc Pop [2]	Cost per Capita [3]
New Public Safety Facility	$ 10,900,000	12,305	$ 885.83

[1] See Table 5.1

[2] See Table 2.2

[3] Cost per capita = estimated cost / 2039 service population

A component of the public safety impact fee addressing the need for additional police vehicles and equipment in the future as the City grows is shown in Table 5.4. The cost per capita for police vehicles and equipment is based on the existing level of service defined as the relationship between the replacement cost of the City's existing police vehicles and equipment and the existing service population.

Table 5.4: Police Vehicles and Equipment - Cost per Capita

Asset	Total Repl Cost [1]	2019 Svc Pop [2]	Cost per Capita [3]
Existing Police Vehicles/Equipt	$669,000	8,612	$ 77.68

[1] See Table 5.2

[2] See Table 2.2

[3] Cost per capita = total replacement cost / 2019 service population

Impact Fees per Unit of Development

Table 5.5 shows the calculation of impact fees per unit of development by development type for public safety facilities and police vehicles and equipment. The cost per capita shown in Table 5.5 is the sum of the per-capita costs from Tables 5.3 and 5.4. Impact fees per unit are based on the cost per capita and service population per unit factors from Table 2.1.

Table 5.5: Public Facility Impact Fees per Unit

Development Type	Units [1]	Cost per Capita [2]	Service Pop per Unit [3]	Impact Fee per Unit [4]
Residential - Single Family	DU	$ 963.51	2.80	$ 2,697.83
Residential - Multi-Family	DU	$ 963.51	2.40	$ 2,312.43
Commercial - Retail	KSF	$ 963.51	0.78	$ 751.54
Commercial - Office	KSF	$ 963.51	0.94	$ 905.70
Industrial - Light	KSF	$ 963.51	0.56	$ 539.57
Industrial - Heavy	KSF	$ 963.51	0.31	$ 298.69

[1] Units of development; DU = dwelling unit

[2] Cost per capita = sum of costs per capita from Tables 5.3 and 5.4

[3] See Table 2.1

[4] Impact fee per unit = cost per capita X service population per unit

Projected Revenue

Table 5.6 shows projected revenue from the impact fees calculated in this chapter. Potential revenue for the added development shown in Table 2.2 is projected by applying the cost per capita from Table 5.3 to added population and employment from Table 2.2. See Chapter 2 for a discussion of service population weighting.

Table 5.6: Projected Revenue - Public Facility Impact Fees

Added Service Population Component	Impact Fee per Capita [1]	Added Pop/ Employees [2]	Service Pop Weight [3]	Projected Revenue [4]
Added Population	$963.51	3,435	1.000	$ 3,309,663
Added Employees	$963.51	825	0.312	$ 248,008
Total				**$ 3,557,671**

[1] Impact fee per capita = the sum of the costs per capita from Table 5.3 and 5.4

[2] See Table 2.2

[3] Service population weighting factor; see discussion in Chapter 2

[4] Projected revenue = impact fee per capita X added population or employees X service population weighting factor

Revenue is not projected using units of development in this chapter because this study projects future non-residential development in terms of employees, not units of development.

As shown in Table 5.6, the projected revenue from the proposed public safety impact fees between now and 2039 is approximately $3.56 million. Of that amount, 8.1% or $288,000 is intended for new police vehicles. At current prices, that equates to 4 new police vehicles plus personal equipment for 7 new officers over 20 years.

The remaining revenue, about $3.27 million would be used to pay for part of the cost of the proposed new public safety facility. Because that facility would serve both existing and future development, impact fees will cover only about 30% of the estimated cost. So, 70% of that cost or $7.63 million must be funded from other sources of revenue. It should be noted that if the City chooses to fund that cost with a dedicated revenue source such as a special tax, the impact fees would need to be adjusted to reflect new development's contribution to that tax revenue.

Updating the Fees

The costs shown in this chapter are based on current estimated costs. We recommend that these fees be reviewed annually and updated as necessary based on changes in the cost estimates for the new public safety facility and police vehicles.

Building construction costs can be adjusted using the *Engineering News Record* Building Cost Index (ENR-BCI).

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must 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 im-

pact 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 on the need for public safety and police vehicles as the City grows.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional public safety facilities and police, vehicles to mitigate the impacts of new development on police and fire protection services in the City.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

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 public safety facilities and police vehicles to serve the needs of additional demand for police and fire protection services associated with new development in the City.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the demand for police and fire protection services and the facilities and vehicles needed to provide those services. Without funding for additional public safety facilities and police vehicles new development would result in a reduction in the level of service provided to all development in the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the public safety impact fees charged to a development project will depend on the increase in service population associated with that project. The fees per unit of development calculated in this chapter for each type of development are based on the service population per unit for that type of development in Orland. Thus, the fee charged to a development project reflects the impact of that project on the need for public safety facilities and police vehicles in the City.

Chapter 6. Library Facilities and Materials

This chapter calculates impact fees for library facilities and materials needed to serve future development in Orland. The City's only existing library is the Orland Free Library located in Library Park. That facility is ideally located in downtown Orland near several schools and given staffing constraints it is likely that future library needs in the City will be met by expanding that facility rather than constructing a branch library.

Methodology

The method used to calculate impact fees in this chapter is the standard-based method discussed in Chapter 1. That method calculates impact fees using a level-of-service standard and the estimated cost of new facilities needed to maintain that standard. The level of service standard used in this chapter is discussed below.

Demand Variable

A demand variable is an attribute of development that is used to represent the impact of development on a particular type of facility. See Chapter 2 for a general discussion of demand variables and demand factors.

The library is intended to serve residents of the City, so population will be used as the demand variable in calculating impact fees for those facilities.

Service Area

Orland's library serves the entire City, so the library impact fee will apply to all new residential development in the City and any portion of the sphere of influence annexed into the City in the future.

Level of Service

The level of service standard used to calculate impact fees for library facilities and materials in this chapter is the existing level of service, defined as the City's current capital investment per capita of population. The fees calculated in this chapter are designed to maintain the existing level of service as the City grows.

Existing Facilities

Table 6.1 shows the estimated replacement cost for the City's existing library facilities and materials, including the library building and furniture, fixtures and equipment. No costs are included for land or site improvements because the library is located in Library Park and no library-specific site improvements are in place.

Replacement costs for the existing facilities are used to calculate the City's current investment per capita in library facilities and materials. The balance in the Library Impact Fee Fund is included as an existing asset, representing additional facilities that can be funded with impact fees previously collected from what is now existing development.

The replacement cost of existing facilities, as shown in Table 6.1, is used as an indicator of the cost of additional facilities that must be provided to serve additional development as the City grows.

Table 6.1: Existing Library Facilities and Materials

Cost Component	Units	Existing Units	Est Repl Cost per Unit	Total Repl Cost
Orland Free Library Building [1]	Sq. Ft.	6,905	$ 250.00	$ 1,726,250
Library Furniture, Fixtures and Equipment [2]	Sq. Ft.	6,905	$ 25.00	$ 172,625
Library Materials [3]	Items	75,000	$ 25.00	$ 1,875,000
Library Impact Fee Fund Balance [4]				$ 105,951
Total				**$ 3,879,826**

[1] Replacement cost estimated by the City of Orland

[2] Replacement cost for furniture, fixtures and equipment estimated by NBS

[3] Average replacement cost for library books and digital media

[4] Library impact fee fund balance as of 12/31/18

Cost per Capita

Table 6.2 calculates an average replacement cost per capita based on the estimated replacement cost for existing library facilities and materials from Table 6.1 and the existing population of the City.

Table 6.2: Library Facilities and Materials - Cost per Capita

Total Replacement Cost [1]	Existing Population [2]	Replacement Cost per Capita [3]
$3,879,826	8,011	$484.31

[1] See Table 6.1

[2] See Table 2.2

[3] Replacement cost per capita = total replacement cost / existing population

Impact Fees per Unit of Development

Table 6.3 shows the calculation of impact fees per unit of development by development type for library facilities and materials. Impact fees per unit are calculated using the replacement cost per capita from Table 6.2 and population per unit factors from Table 2.1.

Table 6.3: Library Facilities and Materials - Impact Fees per Unit

Development Type	Units [1]	Cost per Capita [2]	Population per Unit [3]	Impact Fee per Unit [4]
Residential - Single Family	DU	$ 484.31	2.80	$ 1,356.07
Residential - Multi-Family	DU	$ 484.31	2.40	$ 1,162.35

[1] Units of development; DU = dwelling unit

[2] See Table 6.2

[3] See Table 2.1

[4] Impact fee per unit = cost per capita X population per unit

Projected Revenue

Table 6.4 shows projected revenue from the impact fees calculated in this chapter. Potential revenue for the added development shown in Table 2.2 is projected by applying the impact fees per unit from Table 6.3 to added units of development from Table 2.2.

Table 6.4: Projected Revenue - Library Impact Fees

Development Type	Dev Units [1]	Impact Fee per Unit [2]	Future Units [3]	Projected Revenue [4]
Residential - Single Family	DU	$ 1,356.07	961	$ 1,303,188
Residential - Multi-Family	DU	$ 1,162.35	312	$ 362,653
Total				**$ 1,665,841**

[1] Units of development; DU = dwelling unit

[2] See Table 6.3

[3] See Table 2.2

[4] Projected revenue = impact fee per unit X future units

Updating the Fees

The costs shown in this chapter are based on current facility replacement costs. We recommend that these fees be reviewed annually and updated as necessary based on changes in the cost of construction and/or library materials.

Building construction costs can be adjusted using the *Engineering News Record* Building Cost Index (BCI).

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must 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 on the need for library facilities and materials in Orland.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional library facilities and materials to mitigate the impacts of new development in the City.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

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 library facilities and materials to serve the needs of additional population associated with new residential development in Orland.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for library facilities and materials to maintain the existing level of service, as described earlier in this chapter. Without additional library facilities and materials, new development would result in a reduction in the level of service provided to all residential development in the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the library impact fees charged to a residential development project will depend on the increase in population associated with that project. The fees per unit of development calculated in this chapter for each type of residential development are based on the population per unit for that type of development in Orland. Thus, the fee charged to a development project reflects the impact of that project on the need for library facilities and materials in the City.

Chapter 7. City Hall Facilities

This chapter calculates impact fees for City Hall facilities needed to serve future development in Orland. At present, City Hall shares a building with the Police Department. City Hall occupies 2,000 square feet of the 3,400 square foot building. The Police Department occupies the rest of the building, which is located on a one-quarter acre site. The City plans construct a new Public Safety facility to house both the Police Department and the Fire Department. Once the Police Department moves from its current location, City Hall will expand into the space now occupied by that Department.

The City Hall impact fees calculated in this study will be used to remodel the existing Police Department space and outfit it to accommodate the expansion of City Hall and/or to renovate and improve the City Council Chambers in the Carnegie Center to serve a larger population.

Methodology

The method used to calculate impact fees in this chapter is the standard-based or incremental expansion method discussed in Chapter 1. The standard used to calculate those fees is the existing level of service defined below.

Demand Variable

A demand variable is an attribute of development that is used to represent the impact of development on a particular type of facility. See Chapter 2 for a general discussion of demand variables and demand factors.

The demand variable used to calculate impact fees for City Hall facilities is service population, which is discussed in detail in Chapter 2. Service population is used in this analysis because City Hall facilities serve all types of development in the City and service population represents both residential and non-residential development.

Service Area

Orland's City Hall facilities serve the entire City, so impact fees for City Hall facilities will apply to all new development in the City and any portion of the sphere of influence annexed into the City in the future.

Level of Service

The level of service standard used to calculate impact fees for City Hall facilities in this chapter is the existing level of service, defined as the City's current capital investment in City Hall facilities per capita of service population.

Existing Facilities

Table 7.1 lists Orland's existing City Hall facilities, including the City Hall portion of the City Hall/Police Building and the Carnegie Center, as well as land, site improvements and furniture, fixtures and equipment (FF&E).

Table 7.1 shows current value rather than replacement cost of existing facilities, because those facilities will serve future development as well as existing development in the City. The balance in the City Hall Impact Fee Fund is included as an existing asset, representing additional capital facilities that can be funded with impact fees previously collected from what is now existing development.

Table 7.1: Existing City Hall Facilities

Asset	Units	Existing Units	Impact Fee Cost Basis [7]
City Hall Building [1]	Sq. Ft.	2,000	$ 368,198
City Hall FF&E [2]	Sq. Ft.	2,000	$ 65,979
City Hall Site [3]	Acres	0.15	$ 80,000
City Hall Site Improvements [3]	Acres	0.10	$ 25,000
Carnegie Center/City Council Chambers [4]	Sq. Ft.	N/A	$ 593,372
Carnegie Center Furniture, Fixtures & Equipt [5]			$ 35,800
City Hall Impact Fee Fund Balance [6]			$ 79,460
Total			**$ 1,247,809**

[1] Estimated current value for the City Hall portion (2,000 of 3,400 sq. ft.) of the building based on the City property inventory

[2] Estimated current value of furniture, fixtures and equipment for the City Hall portion of the building based on the City property inventory

[3] Costs for land and site improvements for the City Hall share of the site estimated by the City of Orland

[4] Current value of the Carnegie Center based on the City property inventory

[5] Current value of the Carnegie Center furniture, fixtures and equipment based on the City property inventory

[6] City Hall impact fee fund balance as of 12/31/18

[7] The impact fee cost basis for existing facilities is their current value

Cost per Capita

Table 7.2 calculates an average cost per capita of service population for existing City Hall facilities using the impact fee cost basis from Table 7.1 and the existing service population of the City from Table 2.2.

Table 7.2: City Hall Facilities - Cost per Capita

Impact Fee Cost Basis [1]	Existing Service Population [2]	Cost per Capita [3]
$1,247,809	8,612	$144.89

[1] See Table 7.1

[2] See Table 2.2

[3] Cost per capita = impact fee cost basis / existing population

Impact Fees per Unit of Development

Table 7.3 shows the calculation of impact fees per unit of development by development type for City Hall facilities. Impact fees per unit are calculated using the cost per capita from Table 7.2 and service population per unit factors from Table 2.1.

Table 7.3: City Hall Facilities - Impact Fees per Unit

Development Type	Units [1]	Cost per Capita [2]	Service Pop per Unit [3]	Impact Fee per Unit [4]
Residential - Single Family	DU	$ 144.89	2.80	$ 405.69
Residential - Multi-Family	DU	$ 144.89	2.40	$ 347.73
Commercial - Retail	KSF	$ 144.89	0.78	$ 113.01
Commercial - Office	KSF	$ 144.89	0.94	$ 136.20
Industrial - Light	KSF	$ 144.89	0.56	$ 81.14
Industrial - Heavy	KSF	$ 144.89	0.31	$ 44.92

[1] Units of development; DU = dwelling unit

[2] See Table 7.2

[3] See Table 2.1

[4] Impact fee per unit = cost per capita X service population per unit

Projected Revenue

Table 7.4 on the next page shows projected revenue from the impact fees calculated in this chapter. Potential revenue for the added development shown in Table 2.2 is projected by applying the cost per capita from Table 7.2 to the components of added service population (population and employment) as shown in Table 2.2.

Revenue is not projected using units of development in this chapter because this study projects future non-residential development in terms of employees, not units of development.

Impact fees calculated in this chapter are based on current costs, so the projected revenue shown in Table 7.4 is shown in current dollars. In order to keep pace with changes in those costs over time, impact fees need to be adjusted periodically. Those adjustments are discussed in the next section.

Table 7.4: Projected Revenue - City Hall Facilities Impact Fees

Added Service Population Component	Impact Fee per Capita [1]	Added Pop/ Employees [2]	Service Pop Weight [3]	Projected Revenue [4]
Added Population	$144.89	3,435	1.000	$ 497,693
Added Employees	$144.89	825	0.312	$ 37,294
Total				**$ 534,988**

[1] Impact fee per capita = the cost per capita from Table 7.2

[2] See Table 2.2

[3] Service population weighting factor; see discussion in Chapter 2

[4] Projected revenue = impact fee per capita X added population or employees X service population weighting factor

Updating the Fees

The costs shown in this chapter are based on the estimated current value of City Hall facilities. We recommend that these fees be reviewed annually and updated as necessary based on changes in the estimated value of those facilities.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must 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 on the need for City Hall facilities in Orland.

Use of the Fee. Impact fees calculated in this chapter will be used to remodel and equip facilities, including space now occupied by the Police Department to serve a larger service population as the City grows.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

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 for additional City Hall facilities to serve the needs of additional demand associated with new development in Orland.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. All types of new development increase the demand for services from departments housed in City Hall. Without additional City Hall facilities, the existing facilities would be inadequate to serve both existing and new development in the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the City Hall impact fees charged to a development project will depend on the increase in service population associated with that project. The fees per unit of development calculated in this chapter for each type of development are based on the service population per unit for that type of development in Orland. Thus, the fee charged to a development project reflects the impact of that project on the need for City Hall facilities, as reflected by the associated increase in service population.

Chapter 8. Transportation Improvements

This chapter calculates impact fees for Transportation improvements needed to serve future development in Orland. This analysis uses data on future development and street improvement needs from the Traffic Impact Study prepared for the June 2010 General Plan Update Draft Environmental Impact Report. That Traffic Impact Study addresses the time frame from 2010 to 2028, so that is the time frame used to calculate impact fees in this chapter.

Methodology

The method used to calculate impact fees in this chapter is the plan-based method discussed in Chapter 1. That method allocates the cost of specific facilities to the increment of development served by those facilities.

Demand Variable

A demand variable is an attribute of development that is used to represent the impact of development on a particular type of facility. See Chapter 2 for a general discussion of demand variables and demand factors.

The demand variable used to calculate impact fees for transportation improvements in this chapter is peak hour vehicle trips which are used to represent the impact of new development on the City's transportation system.

Service Area

Orland's transportation system serves the entire City, so impact fees for transportation improvements will apply to all new development in the City and any portion of the sphere of influence annexed into the City in the future.

Level of Service

The Orland General Plan Policy 3.3.A establishes Level of Service (LOS) C as the standard for overall daily roadway operations. During the a.m. and p.m. peak hours, LOS D or better is the standard for intersections. Most of the street improvements needed to serve future development, as shown in Table 8.1, are required to satisfy that intersection level of service policy. Table 8.1 also lists some street improvements needed to relieve congestion on Walker Street (SR 32) at the insistence of CalTrans.

Improvement Needs

Table 8.1 lists the transportation improvements necessary to serve future development out to 2028, which is the planning horizon for the Traffic Impact Study. In the General Plan Update EIR.

Table 8.1: Planned Transportation Improvements

Project Type and Location	Estimated Cost [1]	% New Dev [2]	Impact Fee Cost Basis [3]
Street Improvements			
Extend Stony Creek Drive to Bryant	$ 410,087	100%	$ 410,087
Extend Stony Creek Drive West	$ 937,342	100%	$ 937,342
Extend Co Rd MM (Hambright Ave) from Bryant to SR 32	$ 287,061	100%	$ 287,061
Extend Co Rd MM (Hambright Ave) from SR 32 to Co Rd 15 1/2	$ 433,520	100%	$ 433,520
Widen Co Rd 15 1/2 from Papst to County Road N	$ 861,183	100%	$ 861,183
Intersections			
Intersection Improvements - Newville Road and County Rd HH	$ 439,379	100%	$ 439,379
Intersection Improvements - Newville Road and I-5 SB Ramps	$ 439,379	100%	$ 439,379
Intersection Improvements - Newville Road and I-5 NB Ramps	$ 439,379	100%	$ 439,379
Intersection Improvements - Walker St (SR 32) and 6th Street	$ 41,009	100%	$ 41,009
Intersection Improvements - Walker St (SR 32) and County Road N	$ 497,963	100%	$ 497,963
New Traffic Signal - SR 32 and Tehama Street (9th Street)	$ 351,503	100%	$ 351,503
New Traffic Signal - SR 32 and County Rd MM (Hambright Ave)	$ 439,379	100%	$ 439,379
Total	**5,577,182**		**$ 5,577,182**

[1] Cost estimate by the Orland City Engineer in 2013 escalated to December 2018 using the *Engineering News Record* Construction Cost Index (increase = 17.2%)

[2] % of cost attributable to new development; see discussion in text

[3] Impact fee cost share = estimated cost X % new development

Planned Future Development

Table 8.2 on the next page shows the forecast of planned future development from the Traffic Impact Study cited above. The forecast of future development to 2039 presented in Chapter 2 of this report does not break down future development by land use type. To calculate transportation impact fees such a breakdown is necessary, so this chapter uses the 2010 to 2028 forecast of future development from the Traffic Impact Study. The improvement needs listed in Table 8.1 are based on that same 2010-2028 growth forecast.

As indicated in a footnote to Table 8.2, the future land use forecasts for some development types in that table have been converted from acres of land to thousands of square feet (KSF) of building area. The peak hour trip generation rates shown in Table 8.2, also from the Traffic Impact Study, have been adjusted accordingly.

Table 8.2: Planned Future Development 2010-2028

Development Type	Units [1]	Added Units [2]	Pk Hr Trips per Unit [3]	Added Peak Hr Trips [4]
Residential - Single Family	DU	1,165	1.01	1,177
Residential - Multi-Family	DU	233	0.62	144
Commercial - Retail	KSF	308.80	3.73	1,152
Commercial - Office	KSF	144.23	1.85	267
Industrial - Light	KSF	1,079.77	0.42	454
Industrial - Heavy	KSF	507.69	0.10	51
Total				**3,244**

Source: 2010 General Plan Update Final Draft EIR Tables 4.13-5 and 4.13-6

1 DU = dwellling unit; KSF = 1,000 gross square feet of building area

[2] Added units from General Plan Update Final Draft EIR Table 4.13-6; note that units and peak hour trips for Commercial-Office, Industrial-Light and Industrial-Heavy were based on acres in the source document and have been converted to KSF in this table using floor area ratios of 0.35, 0.4 and 0.5 respectively

[3] Peak hour trips per unit from General Plan Update Final Draft EIR Table 4.13-5

[4] Added peak hour trips = added units X peak hour trips per unit

Cost per Peak Hour Trip

Table 8.3 calculates an average cost per trip for transportation improvements based on the improvement costs listed in Table 8.1 and the added peak hour trips from Table 8.2.

Table 8.3: - Transportation Improvements - Cost per Peak Hour Trip

Impact Fee Cost Basis [1]	Added Peak Hour Trips [2]	Cost per Peak Hour Trip [3]
5,577,182	3,244	$1,719.21

[1] See Table 8.1

[2] See Table 8.2

[3] Costs per peak hour trip = impact fee cost share / added peak hour trips

Impact Fees per Unit of Development

Table 8.4 shows the calculation of impact fees per unit of development by development type for transportation improvements. Impact fees per unit are calculated using the cost per peak hour trip from Table 8.3 and peak hour trips per unit factors from Table 8.2.

Table 8.4: Transportation Impact Fees per Unit

Development Type	Units [1]	Cost per Pk Hr Trip [2]	Pk Hr Trips per Unit [3]	Impact Fee per Unit [4]
Residential - Single Family	DU	$ 1,719.21	1.01	$ 1,736.41
Residential - Multi-Family	DU	$ 1,719.21	0.62	$ 1,065.91
Commercial - Retail	KSF	$ 1,719.21	3.73	$ 6,412.67
Commercial - Office	KSF	$ 1,719.21	1.85	$ 3,188.99
Industrial - Light	KSF	$ 1,719.21	0.42	$ 716.34
Industrial - Heavy	KSF	$ 1,719.21	0.10	$ 170.50

[1] DU = dwellling unit; KSF = 1,000 gross square feet of building area;

[2] See Table 8.3

[3] See Table 8.2

[4] Impact fee per unit = cost per peak hour trip X peak hour trips per converted unit

Projected Revenue

Table 8.5 on the next page shows projected revenue from the impact fees calculated in this chapter. Potential revenue for the added development shown in Table 8.2 is projected by applying the impact fee per unit from Table 8.4 to the added units from Table 8.2.

Note that the forecast of added units used in the Traffic Impact Study is for the period from 2010 to 2028, so some of the revenue shown in Table 8.5 will have been collected as impact fees between 2010 and 2019. However, Orland has not been growing as fast as the 2010 forecast anticipated, so some of the development projected for 2010-2028 may occur somewhat later.

However, the timing of development does not affect the impact fees. Impact fees calculated in this chapter are based on current costs, so the projected revenue in Table 8.5 is shown in current dollars. In order to keep pace with changes in those costs over time, impact fees need to be adjusted periodically. Those adjustments are discussed in the next section.

Table 8.5: Projected Revenue to 2028 - Transportation Impact Fees

Development Type	Dev Units [1]	Impact Fee per Unit [2]	Future Units [3]	Projected Revenue [4]
Residential - Single Family	DU	$ 1,736.41	1,165	$ 2,022,912
Residential - Multi-Family	DU	$ 1,065.91	233	$ 248,358
Commercial - Retail	KSF	$ 6,412.67	308.80	$ 1,980,231
Commercial - Office	KSF	$ 3,188.99	144.23	$ 459,948
Industrial - Light	KSF	$ 716.34	1,079.77	$ 773,481
Industrial - Heavy	KSF	$ 170.50	507.69	$ 86,561
Total				**$ 5,571,491**

[1] Units of development; DU = dwelling unit; KSF = 1,000 gross square feet of building area

[2] See Table 8.4

[3] See Table 8.2

[4] Projected revenue = impact fee per unit X future units

Updating the Fees

The costs shown in this chapter are based on the estimated current cost of the transportation improvements shown in Table 8.1. We recommend that these fees be reviewed annually and updated as necessary based on changes in the estimated cost of those improvements.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must 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 on Orland's transportation system.

Use of the Fee. Impact fees calculated in this chapter will be used to provide improvements to the street system identified in this chapter.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

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 improve the Orland's transportation system to mitigate the impacts of new development in the City.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. All types of new development impact the City's transportation system. Without the improvements identified in this chapter, the transportation system would be inadequate to serve additional development without violating the City's adopted level of service standard.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the transportation impact fees charged to a development project will depend on the increase in peak hour trips associated with that project. The fees per unit of development calculated in this chapter for each type of development are based on the number of peak hour trips per unit generated by that type of development in Orland. Thus, the fee charged to a development project reflects the impact of that project on the need for improvements to the City's transportation system.

Chapter 9. Water System

This chapter calculates impact fees for water system improvements needed to serve future development in Orland. This analysis uses data on system improvements identified in the City's 2014 Water System Capacity Study by Rolls, Anderson and Rolls and additional information provided by City staff.

Methodology

The method used to calculate impact fees in this chapter is the plan-based method discussed in Chapter 1. That method allocates the cost of specific facilities to the increment of development served by those facilities.

Demand Variable

A demand variable is an attribute of development that is used to represent the impact of development on a particular type of facility. See Chapter 2 for a general discussion of demand variables and demand factors.

The demand variable used to calculate impact fees for water system improvements is year-round average daily water use in gallons per day.

Service Area

Orland's water system serves the entire City, so impact fees for water system improvements will apply to all new development in the City and any portion of the sphere of influence annexed into the City in the future.

Level of Service

The level of service for Orland's water system is not explicitly addressed in this analysis because the improvement needs identified in the Water System Capacity Study are based on California Water Works Standards and the requirements of the Department of Public Health.

Improvement Needs

Table 9.1 lists the water system improvements necessary to serve future development projected in this study. Although the analysis in the Water System Capacity Study uses the year 2028 as a planning horizon, the City has not grown as fast as anticipated and the actual amount of additional development projected in that study is similar to the amount of additional development projected in this study for 2039.

Table 9.1: Water System Improvements

Project Type and Location	Estimated Cost [1]	USDA Funding [2]	Adjusted Cost [3]	% New Dev [4]	Impact Fee Cost Basis [5]
New Well (Location To Be Determined)	$ 1,323,247	$ 621,926	$ 701,321	100%	$ 701,321
New Well (Location To Be Determined)	$ 1,323,247		$ 1,323,247	100%	$ 1,323,247
New Storage Tank w/ Pump and Generator (Suisun St.)	$ 1,563,941	$ 735,052	$ 828,889	30%	$ 248,667
New Storage Tank w/ Pump and Generator (Corp. Yard)	$ 1,563,941		$ 1,563,941	30%	$ 469,182
Water Main Replacements to Connect Storage Tanks	$ 1,697,612		$ 1,697,612	30%	$ 509,284
Total	**7,471,988**				**$ 3,251,700**

[1] Cost estimate from Section 5 of the 2014 Water System Capacity Study escalated to December 2018 using the *Engineering News Record* Construction Cost Index (increase = 14.1%)

[2] Expected USDA funding at 47% of estimated cost

[3] Adjusted cost = estimated cost - USDA funding

[4] % of cost attributable to new development; see discussion in text

[5] Impact fee cost basis = estimated cost X % new development

The City has determined that the water system's existing water well capacity is adequate to serve all existing development. Consequently, the two future water wells shown in Table 9.1 are needed entirely to serve future development. However, the new storage tanks and interconnecting mains shown in Table 9.1 will serve both existing and future development, so only a portion of their cost in is included in the impact fee calculations. Table 9.1 also takes account of expected funding from USDA for some future improvements.

The percentage of cost attributed to future development is calculated in the following way. Table 2.2 in Chapter 2 shows that the percentage growth used to project the increase in all components of future development from 2019 to 2039 is 42.9%. So existing and future growth together amount to 142.9% of existing development. New development's share is calculated as 42.9% / 142.9% or 30.02%, which is rounded to 30% in Table 9.1.

Cost per Gallon per Day

Table 9.2 calculates an average cost per gallon per day for water system improvements based on the impact fee cost basis in Table 9.1 and the projected annual average day demand in 2039. An analysis of billing data showed that the 2018-19 annual average metered demand per day on Orland's water system is 1,260,564 gallons.

Increasing that number by 42.9% to match the increase in development to 2039 brought it to 1,801,357, of which new development's 42.9% share is 540,764 gallons per day. Dividing the impact fee cost basis by the gallons per day of increased demand produced the cost per GPD shown in Table 9.2.

Table 9.2: Cost per Gallon per Day (Annual Average)

Impact Fee Cost Basis [1]	Future Dev Avg Day Demand (GPD) [2]	Cost per GPD [3]
$3,251,700	540,764	$6.01

[1] See Table 9.1

[2] Future development average day demand; see discussion in text

[3] Cost per gallon per day = impact fee cost share / future development average day demand in GPD

Impact Fees per Unit of Development

Table 9.3 shows the calculation of water system impact fees by water meter size. A one-inch meter is standard for new single-family dwellings in Orland. One-inch meters are also used by some small commercial buildings. Analysis of water billing data showed that the average annual use for both residential and commercial one-inch meters was almost identical at 442 gallons per day, so the impact fee for a one-inch meter is based on that number.

Table 9.3: Water System Impact Fee by Meter Size

Meter Size	Capacity (GPM) [1]	Flow Factor [2]	Avg Day Wtr Use (GPD) [3]	Cost per GPD [4]	Impact Fee [5]
1"	50	1.00	442	$6.01	$ 2,657.82
1-1/2"	100	2.00	884	$6.01	$ 5,315.63
2"	160	3.20	1,414	$6.01	$ 8,505.01
3"	300	6.00	2,652	$6.01	$ 15,946.89
4"	500	10.00	4,420	$6.01	$ 26,578.16
6"	1000	20.00	8,840	$6.01	$ 53,156.31

[1] Meter capacity in gallons per minute based on data from the American Water Works Association (AWWA)

[2] Flow factor = meter capacity /1" meter capacity

[3] Average day water use for 1" meter is based on analysis of water billing data for fiscal year 2019; average day water use for larger meter sizes based on flow factors representing meter capacity relative to the capacity of the 1" meter

[4] See Table 9.2

[5] Impact fee = average day demand X cost per GPD

Water impact fees for larger meters are scaled up relative to the one-inch meter using flow factors based on meter capacity for the larger meters. In almost all cases, the number of gallons per day used in Table 9.3 to calculate water impact fees for those larger meter sizes is lower than actual average water use reflected in 2018-19 billing data.

Projected Revenue

It is not possible to project revenue from the water system impact fees in any detail because it is impossible to know how many meters of each size will be connected as the City grows.

Overall, it is reasonable to assume that the amount of development projected in this study will generate approximately the amount of revenue needed to cover the costs attributed to future development in this chapter. However, there is no way of knowing the time frame over which that development will occur. The target date of 2039 used in this study assumes a certain rate of growth, but any variation in the rate and timing of development does not affect the calculation of impact fees in this report.

Updating the Fees

The costs shown in this chapter are based on the estimated current cost of the water system improvements shown in Table 9.1. We recommend that these fees be reviewed annually and updated as necessary based on changes in the estimated cost of those improvements.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must 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 on Orland's water system.

Use of the Fee. Impact fees calculated in this chapter will be used to provide improvements to the water system identified in this chapter.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

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 improve the Orland's water system to mitigate the impacts of new development in the City.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. All types of new development in the City require a water supply. Without the improvements identified in this chapter, Orland's water system would be inadequate to serve additional development without jeopardizing the quality and reliability of water service to the existing community.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the water system impact fees charged to a development project will depend on the size of the meter needed to serve that project. The impact fees calculated in this chapter are based on the estimated average water demand associated with different sized water meters, and the fee charged to a development project reflects the expected demand placed on the City's water system by that project.

Chapter 10. Sewer System

This chapter calculates impact fees for sewer system capacity needed to serve future development in Orland. The City's sewer system has capacity available to serve all future development projected in this study, so the impact fees calculated in this chapter represent future development's share of the cost of the existing system.

Methodology

The method used to calculate impact fees in this chapter is the plan-based method discussed in Chapter 1. That method allocates the cost of specific facilities to the increment of development served by those facilities.

Demand Variable

A demand variable is an attribute of development that is used to represent the impact of development on a particular type of facility. See Chapter 2 for a general discussion of demand variables and demand factors.

The demand variable used to calculate impact fees for sewer system capacity is average daily wastewater flow in gallons per day (GPD). Metered water use excluding landscape irrigation is used as a proxy for wastewater flows in this analysis. So, unlike the water impact fees which are based on annual average water use, the sewer impact fees are based on the lowest metered water use per day for two billing periods in the winter of 2018-19 when landscape irrigation is at a minimum.

Service Area

Orland's sewer system serves the entire City, so impact fees for sewer system capacity will apply to all new development in the City and any portion of the sphere of influence annexed into the City in the future.

Level of Service

The level of service for Orland's sewer system is not explicitly addressed in this analysis because the sewer system is designed to meet wastewater discharge requirements issued by the California Regional Water Quality Control Board – Central Valley Region.

Cost per Gallon per Day

Table 10.2 calculates an average cost per gallon per day of sewer system capacity based on the depreciated replacement value of the City's sewer system, including the treatment plant, and the effective capacity of the entire system.

Table 10.1: Sewer System - Cost per Gallon per Day

Existing System Replacement Cost [1]	Existing System Depreciated Value [2]	System Capacity (GPD) [3]	Cost per GPD [4]
$23,500,000	$15,275,000	1,400,000	$10.91

[1] Existing system replacement cost estimated by the Orland City Engineer

[2] Depreciated value of the existing system, based on 100 year useful life, average age of 35 years

[3] Effective system capacity estimated by the Orland City Engineer

[4] Cost per gallon per day = existing system value / system capacity

Impact Fees per Unit of Development

Table 10.2 shows the calculation of sewer system impact fees by water meter size. A one-inch meter is standard for new single-family dwellings in Orland. One-inch meters are also used by some small commercial buildings. Analysis of water billing data for two billing periods in the winter of 2018-19 showed that the lowest rate of water use for one-inch meters during that period was 226 gallons per day. That compares with the rate of 442 gallons per day that is used to calculate water impact fees for a one-inch meter in this study.

Table 10.2: Sewer System Impact Fee by Meter Size

Meter Size	Capacity (GPM) [1]	Flow Factor [2]	Avg Day Flow (GPD) [3]	Cost per GPD [4]	Impact Fee [5]
1"	50	1.00	226	$10.91	$ 2,465.82
1-1/2"	100	2.00	452	$10.91	$ 4,931.64
2"	160	3.20	723	$10.91	$ 7,890.63
3"	300	6.00	1,356	$10.91	$ 14,794.93
4"	500	10.00	2,260	$10.91	$ 24,658.21
6"	1000	20.00	4,520	$10.91	$ 49,316.43

[1] Meter capacity in gallons per minute based on data from the American Water Works Association (AWWA)

[2] Flow factor = meter capacity /1" meter capacity

[3] Winter average day flow for 1" meter is based on analysis of water billing data for two winter billing cycles in fiscal year 2019; flow for larger meter sizes based on flow factors representing meter capacity relative to the capacity of the 1" meter

[2] See Table 10.1

[3] Impact fee = average day demand X cost per GPD

Sewer impact fees for meters larger than one-inch are scaled up relative to the one-inch meter using flow factors based on American Water Works Association meter capacity figures for each meter size. In almost all cases, the number of gallons per day used in Table 10.2 to calculate sewer impact fees for those larger meter sizes is lower than actual winter water use reflected in 2018-19 billing data.

Projected Revenue

It is not possible to project revenue from the sewer system impact fees because it is impossible to know how many meters of each size will be connected as the City grows. Also, there is no way of knowing the time frame over which the additional development projected in this study will occur. The target date of 2039 used in this study assumes a certain rate of growth, but any variation in the rate and timing of development does not affect the calculation of impact fees in this report.

Updating the Fees

The sewer impact fees calculated in this chapter are based on the estimated current value of the City's existing sewer system and the effective capacity of the system. We recommend that these fees be reviewed annually and updated as necessary based on any changes in those numbers.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must 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 reimburse the City's sewer enterprise fund for the cost of excess capacity provided in Orland's sewer system to serve future development.

Use of the Fee. Impact fees calculated in this chapter will be used to repay outstanding debt on Orland's sewer system and to fund ongoing improvements to the system.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

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 repay outstanding debt on the City's sewer system and to fund ongoing improvements to the system.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. Sewer system capacity must always be available in advance of development. The City has funded excess capacity to serve future development in advance of the need. The sewer impact fees will be used to reimburse the City's sewer enterprise fund for the cost of that capacity.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the sewer system impact fees charged to a development project will depend on the size of the meter needed to serve that project. The impact fees calculated in this chapter are based on the estimated wastewater flows generated by projects served by various sizes of water meters, as reflected in winter season water use when landscape irrigation is at a minimum.

Chapter 11. Implementation

This chapter of the report contains recommendations for adoption and administration of impact fees, and for the interpretation and application of the development impact fees and in-lieu 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

The form in which development impact fees are enacted should be determined by the City attorney.

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. 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 below and in Chapter 1 of this report.

Establishment of Fees. Pursuant to the Mitigation Fee Act, Section 66001(a), when an agency establishes fees to be imposed as a condition of development approval, it must make findings to:

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

Examples of findings that could be used for impact fees calculated in this study are shown below. The specific language of such findings should be reviewed and approved by the agency's Attorney. A more complete discussion of the nexus for each fee can be found in individual chapters of this report.

Sample Finding: Purpose of the Fee. The City Council finds that the purpose of the impact fees hereby enacted is to protect the public health, safety and welfare by requiring new development to contribute to the cost of public facilities needed to mitigate the impacts of new development.

Sample Finding: Use of the Fee. The City Council finds that revenue from the impact fees hereby enacted will be used to provide public facilities needed to mitigate the impacts of new development in the City and identified in the 2019 City of Orland Development Impact Fee Study by NBS. [2]

Sample Finding: Reasonable Relationship: Based on analysis presented in the 2019 City of Orland Development Impact Fee Study by NBS, the City Council finds that there is a reasonable relationship between:

a. The use of the fees and the types of development projects on which they are imposed; and,

b. The need for facilities and the types of development projects on which the fees are imposed.

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.

Imposition of Fees. Pursuant to the Mitigation Fee Act, Section 66001(a), when an agency imposes an impact fee upon a specific development project, it must make essentially the same findings adopted upon establishment of the fees to:

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

---

[2] According to Gov't Code Section 66001 (a) (2), the use of the fee may be specified in a capital improvement plan, the General Plan, or other public documents that identify the public facilities for which the fee is charged. The findings recommended here identify this impact fee study as the source of that information.

Per Section 66001 (b), at the time when an impact fee is imposed on a specific development project, the City is also required to make a finding to determine how there is a reasonable relationship between:

> c. The amount of the fee and the facility cost attributable to the development project on which it is imposed.

In addition, 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 improvements identified in this study.

Section 66020 (d) (1) requires that the agency, at the time it imposes an impact fee, 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. Section 66007 (a), provides that a local agency shall not require payment of fees by developers of residential projects prior to the date of final inspection, or issuance of a certificate of occupancy, whichever occurs first.

However, "utility service fees" (not defined) may be collected upon application for utility service. In a residential development project of more than one dwelling unit, Section 66007 (a) allows the agency to choose to collect fees either for individual units or for phases upon final inspection, or for the entire project upon final inspection of the first dwelling unit completed.

Section 66007 (b) provides two exceptions when the local agency may require the payment of fees from developers of residential projects at an earlier time: (1) when the local agency determines that the fees "will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan prior to final inspection or issuance of the certificate of occupancy" or (2) the fees are "to reimburse the local agency for expenditures previously made."

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

Notwithstanding the foregoing restrictions, many cities routinely collect impact fees for all facilities at the time building or grading permits are issued and builders often find it convenient to pay the fees at that time.

In cases where the fees are not collected upon issuance of building permits, Sections 66007 (c) (1) and (2) provide that the City may require the property owner to execute a contract to pay the fee, and to record that contract as a lien against the property until the fees are paid.

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.

The language of the law is not clear as to whether depositing fees "with other fees for the improvement" refers to a specific capital improvement or a class of improvements (e.g., street improvements).

We are not aware of any municipality that has interpreted that language to mean that funds must be segregated by individual projects. And, as a practical matter, that approach would be unworkable in any event because it would mean that no pay-as-you-go project could be constructed until all benefiting development had paid the fees. Common practice is to maintain separate funds or accounts for impact fee revenues by facility category (i.e., streets, park improvements), but not for individual projects.

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. Per Section 66001 (b), 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, the 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 may not result in increased costs to other development projects, so the effect us such policies is that the lost revenue must be made up from other fund sources.

Credit for Improvements Provided by Developers. If the City requires a developer, as a condition of project approval to dedicate land or construct facilities or improvements for which impact fees are charged, the City should ensure that the impact fees are ad-

justed 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 City 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 City facilities, applying the measure of demand used in this study to calculate that particular 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 City 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 City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public, per Section 66006 (b) (2).

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).

Annual Update of the Capital Improvement Plan. Section 66002 (b) of the Mitigation Fee Act provides that if a local agency adopts a capital improvement plan to identify the use of impact fees, that plan must be adopted and annually updated by a resolution of the governing body at a noticed public hearing. The alternative, per Section 66001 (a) (2) is to identify improvements by applicable general or specific plans or in other public documents.

In most cases, the CIP identifies projects for a limited number of years and may not include all improvements needed to serve future development covered by the impact fee study. We recommend that the City Council cite this development impact fee study as the public document identifying the use of the fees.

Indexing of In-Lieu/Impact Fees. Where impact fees calculated in this report are based on current costs, those costs should, if possible, be adjusted periodically to account for changes in the cost of facilities or other capital assets that will be funded by the impact fees. That adjustment is intended to account for escalation in costs for land, construc-

tion, vehicles and other relevant capital assets. We recommend the *Engineering News Record* Building Cost Index as the primary basis for indexing construction costs. Where land costs are covered by an impact fee, land costs should be adjusted based on changes in local land prices.

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.

Before fees are imposed, a staff training workshop is highly desirable if more than a handful of employees will be involved in collecting or accounting for fees.

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. Some fees recommended in this report are tied to specific improvements and cost estimates. Fees must be expended accordingly and the City must be able to show that funds have been properly expended.

Recovery of Study Costs and Administrative Costs

To recover the cost of periodic impact fee update studies and ongoing staff costs for managing those updates and preparing annual reports and five-year updates required by 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 the administrative charges added to impact fees calculated in this report.