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DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY

CITY OF DALY CITY

Report Date: October 23 ,2024

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CITY OF DALY CITY

DEVELOPMENT IMPACT FEE STUDY UPDATE

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I EXECUTIVE SUMMARY

In order to adequately plan for new development and identify the public facilities and costs associated with mitigating the direct and cumulative impacts of new development, DTA was retained by the City of Daly City, CA (the "City"), to update the existing impact fee program by preparing a new Assembly Bill ("AB") 1600 fee justification study (the "Fee Study"). The City's last fee study was completed in 1999 and updated with slight revisions in 2002. DTA was tasked with assessing the City's current Development Impact Fees ("DIFs"), proposing fee modifications as appropriate, and evaluating potential new DIFs that the City could adopt to help finance facilities, infrastructure, and services that benefit new development and City residents. The categories of DIFs, or "Fees," to be determined by this Fee Study include Administration, Police, Fire, Library, Parks, Transportation, Water, Sewer, and Storm Drainage at levels identified by the various City departments as being necessary to meet the needs of new development through 2043. The purpose of this Fee Study will be to establish a nexus between the anticipated development and public facilities needs for the City through 2043.

This Fee Study is intended to comply with Section 66000 *et seq.* of the Government Code, which was enacted by the State of California in 1987, by identifying existing facilities ("Facilities Inventory") and additional public facilities required by new development ("Future Facilities") (collectively, the "Facilities") and determining the level of Fees that may be imposed to pay new development's fair share. The Facilities and associated construction costs are identified in the Facilities Inventory List and Needs List, which is included in Appendix B. A description of the methodology used to calculate the fees is included in Section V. The purpose of this Fee Study is to ensure that all new development is required to pay its "fair share" of the cost of new infrastructure through the DIF program.

A Organization of the Fee Study

This Fee Study will be presented in the following eight sections:

- Section I contains an Executive Summary, provides a brief introduction to the Fee Study and includes an overview of the proposed DIFs.
- Section II is an introduction that includes a brief description of City surroundings and background information on DIF funding.
- Section III provides an overview of the legal requirements for implementing and imposing the DIF amounts identified in the Fee Study and satisfies the nexus requirements for each facility included as part of this Fee Study. Included is a discussion of the findings and requirements necessary to be satisfied when establishing, increasing, or imposing a fee as a condition of new development.
- Section IV includes a discussion of land use characteristics and demand variables of projected new development, such as the number of housing units and the

number of non-residential building square feet, assuming current growth trends in residential and non-residential development projected through 2043.

- Section V contains a description of the methodology used to determine the Fees for Facilities and presents the Fees for each of the land use types.
- Section VI presents the calculation of the Fees for each land use.
- Section VII presents the steps to adopt, administer, and implement the DIFs.
- Section VIII presents a summary of the Fees.

This Fee Study also includes an appendix section presenting the calculations and other relevant material used to determine the findings presented in this Fee Study, as noted below.

- **Appendix A** includes the calculations used to determine the various Fee levels;
- **Appendix B** includes the Facilities Inventory List and Needs List used to determine the various Fee levels; and
- **Appendix C** includes the Inventory List for the purpose of estimating the land acquisition costs.

B DIF Summary

Per the results of this Fee Study, the total fee amounts required to finance new development's share of Facilities for the City are identified in **Tables ES-1** and **ES-2**. Fees presented in this Fee Study represent the maximum DIFs that may be imposed by the City under the statutory requirements of Government Code Section 66000 *et. seq.* Residential fees are listed on a per-square-foot basis, commercial Lodging (Hotels/Motels) Fees are listed on a per room basis, and non-residential DIFs are listed on a per square feet basis.

Table ES-1: DIF Summary

Land Use [1 2 3]	Administration	Police	Fire	Library	Parks [4]
Single-Family (per Sq. Ft.)	$0.46	$0.34	$0.73	$0.42	$8.98
Multi-Family (per Sq. Ft.)	$0.46	$0.34	$0.73	$0.42	$8.98
Mobile Home (per Sq. Ft.)	$0.46	$0.34	$0.73	$0.42	$8.98
Hotel (per Room)	$525	$382	$831	$473	
Commercial/Retail (per Sq. Ft.)	$0.67	$0.48	$1.05	$0.60	
Office (per Sq. Ft.)	$0.92	$0.67	$1.45	$0.82	
Industrial (per Sq. Ft.)	$0.42	$0.30	$0.66	$0.38	
Institutional/Other (per Sq. Ft.)	$0.75	$0.54	$1.19	$0.67	

Notes:

1. Single-family, multi-family, and mobile home residential fees are charged per square foot.
2. Hotel fees are charged per room.
3. Non-residential fees are charged per square foot.
4. Non-residential development is exempt from Park Fees.

Table ES-2: DIF Summary (continued)

Land Use [1 2 3]	Transportation	Water	Sewer	Storm Drain
Single-Family	$1.00	$0.43	$0.66	$2.58
Multi-Family	$1.00	$0.43	$0.66	$2.58
Mobile Home	$1.00	$0.43	$0.66	$2.58
Hotel	$1,351	$680	$1,194	$1,192
Commercial/Retail	$6.90	$0.68	$1.19	$4.00
Office	$0.43	$0.68	$1.19	$3.49
Industrial	$1.70	$0.68	$1.19	$3.37
Institutional/Other	$2.92	$0.68	$1.19	$3.49

Notes:

1. Single-family, multi-family, and mobile home residential fees are charged per square foot.
2. Hotel fees are charged per room.
3. Non-residential fees are charged per square foot.

There is also an optional Administrative portion of the DIF. Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs including but not limited to the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

The cost estimates for Future Facilities used in this Fee Study are in 2024 dollars. Therefore, DTA further recommends that, after adoption, the above impact fees be reviewed each year and include a provision for an annual inflationary adjustment based upon the California Construction Cost Index ("CCCI"). This Construction Cost Index ("CCI") is based upon the Building Cost Index ("BCI") cost indices average for San Francisco as produced by Engineering News-Record ("ENR").

II INTRODUCTION

Daly City is located at the northernmost edge of San Mateo County in Northern California. Making up an area of 7.7 square miles, the City is centrally located between two of the Bay Area's major job growth zones, the Counties of San Francisco and San Mateo, Daly City has become a regional hub for healthcare, retail, and small businesses. With over 100,000 residents, it is the second most populus city in San Mateo County. In addition to San Francisco, it is bordered by the Cities of Brisbane, Pacifica, South San Francisco and the Town of Colma. The City also borders several unincorporated areas of San Mateo County. It surrounds Broadmoor and borders San Bruno Mountain State Park. The City provides a full range of municipal services, including police, fire, streets and roadways, storm drainage, stormwater quality, parks and recreation, library, planning and zoning, building, economic development, and general administrative services. The City also operates a water utility and a sanitary sewer district. The City offers 18 parks, 11 community centers and clubhouses, one senior center, and four libraries. The City operates two Enterprise Funds, specifically one to account for sanitary sewer operations, maintenance, and capital and the other to account for the water utility system.

In order to adequately plan for new development and identify the public facilities and costs associated with mitigating the direct and cumulative impacts of new development, DTA was retained by the City of Daly City, CA (the "City"), to update the existing impact fee program by preparing a new Assembly Bill ("AB") 1600-based fee justification study (the "Fee Study"). The City's last fee study was completed in 1999 and updated with slight revisions in 2002. DTA was tasked with assessing the City's current DIFs, proposing fee modifications as appropriate, and evaluating potential new DIFs that the City could adopt to help finance facilities which benefit new development and City residents. The categories of DIFs, or ("Fees,") to be determined by this Fee Study are those that are necessary to fund Administration, Police, Fire, Library, Parks, Transportation, Water, Sewer, and Storm Drainage Facilities at levels identified by the various City departments as being necessary to meet the needs of new development through 2043. The purpose of this Fee Study will be to establish a nexus between the anticipated future development and public facilities needs for the City through 2043.

This Fee Study is intended to comply with Section 66000 *et seq.* of the Government Code, which was enacted by the State of California in 1987, by identifying existing facilities ("Facilities Inventory") and additional public facilities required by new development ("Future Facilities") (collectively, the "Facilities") and determining the level of fees that may be imposed to pay new development's fair share. The Future Facilities and associated construction costs are identified in the Facilities Inventory List and Needs List, which is included in Appendix B. A description of the methodology used to calculate the fees is included in Section V.

The purpose of this Fee Study is to ensure that all future development is required to pay its "fair share" of the cost of new infrastructure through the DIF program. The Fees generated in this Fee Study are one-time amounts typically paid prior to the issuance of a building permit and imposed on development projects by local agencies responsible for regulating land use. They represent the maximum DIFs that may be imposed by the City under the statutory requirements of Government Code Section 66000 *et. seq.* The Fee amounts to be determined will be at levels identified as being necessary to meet the needs of new development through 2043.

Fees are calculated to fund the cost of facilities needed to meet the needs of new development. **Many of the calculations and totals presented in this Fee Study are factored out to several decimal places and may not sum due to rounding in the tables provided throughout the Fee Study. In the interest of clarity, each instance of this will be noted with a table note, as applicable.** The steps followed in the Fee Study include:

1. **Demographic Assumptions**: Identify future growth that represents the increased demand for Facilities;
2. **Facility Needs and Costs**: Identify current and planned facilities inventory to determine Level of Service ("LOS") requirements and determine the Facilities required to support new development and the costs of such facilities;
3. **Cost Allocation**: Allocate costs of Facilities on a per-equivalent-dwelling-unit or equivalent-benefit-unit basis; and
4. **Fee Schedule**: Calculate the Fee amount per square foot for residential development and non-residential development and per room for lodging development.

III LEGAL REQUIREMENTS

The City has identified the need to levy DIFs to pay for Administration, Police, Fire, Library, Transportation, Water, Sewer, and Storm Drain. These Fees will finance facilities on the Needs Lists at levels identified by the City as appropriate for new development. Upon the adoption of the Fee Study and required legal documents by the City Council, all new development will be required to pay its "fair share" of the cost of facilities on the Needs Lists through these Fees. The Fees are established pursuant to AB 1600, as described below.

Prior to World War II, development in California was held responsible for very little of the cost of public infrastructure. Public improvements were financed primarily through jurisdictional General Funds and utility charges. It was not uncommon during this period for speculators to subdivide tracts of land without providing any public improvements, expecting the closest city to eventually annex a project and provide public improvements and services.

However, starting in the late 1940s, the use of impact fees grew with the increased planning and regulation of new development. During the 1960s and 1970s, the California Courts broadened the right of local government to impose fees on developers for public improvements that were not located on project sites. More recently, with the passage of Proposition 13, the limits on general revenues for new infrastructure have resulted in new development being held responsible for a greater share of public improvements, and both the use and levels of impact fees have grown substantially. Higher fee levels were undoubtedly driven in part by a need to offset the decline in funds for infrastructure development from other sources.

The levy of impact fees is one authorized method of financing the public facilities necessary to mitigate the impacts of new development, as the levy of such fees provides funding to maintain an agency's existing LOS for an increased service population. A fee is "a monetary exaction, other than a tax or special assessment, which 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..." (California Government Code, Section 66000). A fee may be levied for each type of capital improvement required for new development, with the payment of the fee occurring prior to the beginning of construction of a dwelling unit or non-residential building (or prior to the expansion of existing buildings of these types). Fees are often levied at final map recordation, issuance of a Certificate of Occupancy, or more commonly, at building permit issuance.

AB 1600, which created Section 66000 *et. seq.* of the Government Code, was enacted by the State of California in 1987. This Fee Study is intended to meet the nexus or benefit requirements of AB 1600, which mandates that there is a nexus between fees imposed, use of the fees, and development projects on which the fees are imposed.

A Government Code Section 66001

In 2006, Government Code Section 66001 was amended to clarify that a fee cannot include

costs attributable to existing deficiencies but can fund costs used to maintain the existing LOS or meet an adopted LOS that is consistent with the General Plan. Section 66000 *et seq.* of the Government Code requires all public agencies to satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of new development:

1. Identify the purpose of the fee [Government Code Section 66001(a)(1)];
2. Identify the use to which the fee will be put [Government Code Section 66001(a)(2)];
3. Determine that there is a reasonable relationship between the fee's use and type of development on which the fee is to be imposed [Government Code Section 66001(a)(3)];
4. Determine how there is a reasonable relationship between the need for the public facility and type of development project on which the fee is to be imposed [Government Code Section 66001(a)(4)]; and
5. Discuss how there is a reasonable relationship between the amount of the fee and cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

The sections below present each of the five requirements listed above as they relate to the imposition of the proposed fees.

A.1 Purpose of the Fee [Government Code Section 66001(A)(1)]

New residential and non-residential development within the City will generate additional residents and employees who will require additional public facilities. Land for these facilities will have to be acquired and public facilities and equipment will have to be expanded, constructed, or purchased to meet this increased demand.

This Fee Study has been prepared in response to the projected direct and cumulated effect of future development. Each new development will contribute to the need for new public facilities. Without future development, many of the new public facilities on the Needs Lists would not be necessary as the existing facilities are adequate for the City's present population. In instances where facilities would be built regardless of new development, the costs of such facilities have been allocated to new and existing development based on their respective level of benefit.

The proposed impact fee will be charged to all future development, irrespective of location, in the City. Even future "infill" development projects contribute to impacts on public facilities because they are an interactive component of a much greater network of development located throughout the City. First, the property owners and/or the tenants associated with any new development in the City can be expected to place additional demands on City facilities funded by the fee. Second, these property owners and tenants are dependent on and, in fact, may

not have chosen to utilize their development, except for residential, retail, employment, and recreational opportunities located nearby on other existing and future development. Third, the availability of residents, employees, and customers throughout the City has a growth-inducing impact without which some of the "infill" development would not occur. As a result, all development projects in the City contribute to the cumulative impacts of development.

The impact fees will be used for the acquisition, installation, and construction of public facilities identified on the Needs Lists and appropriate administrative costs to mitigate the direct and cumulative impacts of new development in the City.

A.2 The Use to Which the Fee is to be Put [Government Code Section 66001(A)(2)]

The fee will be used for the acquisition, installation, and construction of the public facilities identified on the Needs Lists, included in Section IV of the Fee Study, and other appropriate costs to mitigate the direct and cumulative impacts of new development in the City. The fee will provide a source of revenue to the City to allow for the acquisition, installation, and construction of public facilities, which in turn will maintain the current standard of service, preserve the quality of life in City, and protect the health, safety, and welfare of the existing and future residents, visitors, and employees.

A.3 Determine That There is a Reasonable Relationship Between the Fee's Use and the Type of Development Project Upon Which the Fee is Imposed (Benefit Relationship) [Government Code Section 66001(A)(3)]

It is the projected direct and cumulative effect of future development that has prompted the preparation of the Fee Study. Each development will contribute to the need for new public facilities. Without future development, the City would have no need to construct many of the public facilities on the Needs Lists. For all other facilities, the costs have been allocated to both existing and new development based on their level of benefit. Even future "infill" development projects, which may be adjacent to existing facilities, further burden existing public facilities. Consequently, all new development within the City, irrespective of location, contributes to the direct and cumulative impacts of development on public facilities and creates the need for new facilities to accommodate growth.

The fees will be expended for the acquisition, installation, and construction of the public facilities identified on the Needs Lists and other authorized uses, as that is the purpose for which the Fee is collected. As previously stated, all new development creates either a direct impact on public facilities or contributes to the cumulative impact on public facilities. Moreover, this impact is generally equalized among all types of development because increased demands for public facilities created by the future residents and employees create the impact upon existing facilities.

For the foregoing reasons, new development benefits from the acquisition, construction, and installation of the facilities on the Needs Lists.

A.4 Determine How There is a Reasonable Relationship Between the Need for the Public Facility and the Type of Development Project Upon Which the Fee is Imposed (Impact Relationship) [Government Code Section 66001(A)(4)]

As previously stated, all new development within the City, irrespective of location, contributes to the direct and cumulative impacts of development on public facilities and creates the need for new facilities to accommodate growth. Without future development, many of the facilities on the Needs Lists would not be necessary. For certain other facilities, the costs have been allocated to both existing and new development based on their level of benefit.

For the reasons presented herein, there is a reasonable relationship between the need for the public facilities included on the Needs List and all new development within the City.

A.5 The Relationship Between the Amount of the Fee and the Cost of the Public Facilities Attributable to the Development Upon Which the Fee is Imposed ("Rough Proportionality" Relationship) [Government Code Section 66001(A)]

As set forth above, all new development in the City impacts public facilities. Moreover, each individual development project and its related increase in population and/or employment, along with the cumulative impacts of all development in the City, will adversely impact existing facilities. Thus, imposition of the Fee to finance the facilities on the Needs Lists is an efficient, practical, and equitable method of permitting development to proceed in a responsible manner.

New development impacts facilities directly and cumulatively. In fact, without any future development, the acquisition, construction, and/or installation of many of the facilities on the Needs Lists would not be necessary as existing City facilities are adequate. Even new development located adjacent to existing facilities will utilize and benefit from facilities on the Needs List.

The proposed fee amounts are roughly proportional to the impacts resulting from new development based on the analysis in Section IV. Thus, there is a reasonable relationship between the amount of the Fee and the cost of the facilities.

Identifying these items will enable an impact fee to meet the nexus and rough proportionality requirements established by previous court cases. These findings are discussed in the nexus test for each proposed Fee element as presented in Section IV. Current State financing and fee assessment requirements only allow new development to pay for its fair share of new facilities' costs. Any current deficiencies resulting from the needs of existing development must be funded

through other sources. Therefore, a key element to establish legal impact fees is to determine what share of the benefit or cost of a particular improvement can be equitably assigned to existing development, even if that improvement has not yet been constructed. By removing this factor, the true impact of new development can be assessed and equitable fees can be assigned.

B Assembly Bill ("AB") 602

The impact fees included herein were circumscribed by the requirements of AB 602, which was approved by the California State Legislature and signed by Governor Newsom in 2021. Among the significant impacts of AB 602 are the following:

- On or after January 1, 2022, fee justification studies must identify the existing LOS for each public facility, identify the proposed new LOS, and (if the proposed new LOS is greater than existing LOS) include an explanation of why the new LOS is necessary.
- For housing development projects, Nexus Studies adopted after July 1, 2022, must calculate the amount of fees based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate. The bill would require that a "local agency that calculated fees proportionally to the square footage of the proposed units be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by development." This would also apply to multi-family residences.
- The bill also requires the Department of Housing and Community Development ("HCD"), on or before January 1, 2024, to create an impact fee Nexus Study template that may be used by local jurisdictions to calculate their fees. The bill requires that the template include a method of calculating the feasibility of housing being built with a given fee level. The template must be completed by 2024. Local jurisdictions will have the option (it will not be required) to use the HCD template.
- The bill authorizes any member of the public, including an applicant for a development project, to submit evidence that the city, county, or other local agency had failed to comply with the Mitigation Fee Act. The bill requires the legislative body of the city, county, or other local agency to consider any timely submitted evidence and authorize the legislative body to change or adjust the proposed fee or fee increase, as specified.
- If a Nexus Study supports the increase of an existing fee, the local agency shall review the assumption of the Nexus Study supporting the original fee and evaluate the amount of the fees collected under the original fee.

- Large jurisdictions (county population greater than 250,000) and cities within those counties must adopt a Capital Improvement Plan ("CIP") as part of the Nexus Study.
- Nexus Studies shall be updated at least every 8 years from the period beginning January 1, 2023.

Importantly, AB 602 does not apply to (i) water and sewer connection and capacity charges, (ii) school fees, and (iii) Mello-Roos or other taxes. These other fees, taxes, and charges are subject to their own statutory accountability measures.

IV DEMOGRAPHICS

To determine the Facilities needed to serve new development and establish Fee amounts to fund such facilities, DTA has researched and reviewed material containing information on future land use development within the City through 2043. For the purpose of this Fee Study, DTA categorized developable residential land uses as single-family residences, multi-family residences, and mobile homes. Developable non-residential land uses within the City's commercial zones are categorized as commercial lodging (hotels/motels), commercial/retail, office, industrial, and institutional/other categories and are summarized in detail in the following sections.

Elements from the California Department of Finance and U.S. Census Bureau, as well as total square footage generated by the CoStar Real Estate Manager software platform ("CoStar"), were used as estimates for the number of existing housing units and non-residential building square footage located in the City. The City's land use decisions will also affect properties within its Sphere of Influence ("SOI"). California law requires that a General Plan "cover the territory within the boundaries of an adopted City… as well as any land outside its boundaries which in the planning agencies' judgement bears relation to its planning…"

In addition, information from the Daly City 2023-2031 Housing Element dated May 2023, the Association of Bay Area Governments ("ABAG"), and estimates produced by DTA were used to project the additional land uses resulting from new development. Notably, DTA attempted to utilize metrics (e.g., average household size, square footage, etc.) that standardized existing demographics with the projections used in this Fee Study.

Future residents and employees will create additional demand for Facilities that existing public facilities cannot adequately service. In order to accommodate new development in an orderly manner, while maintaining the current quality of life in the City, the Facilities on the Inventory List and Facility Needs List (presented throughout Section VI and in Appendix B), as reviewed and approved by City staff, will need to be constructed.

For those Facilities that are needed solely to mitigate demand from new development, facility costs have been allocated to new development only. Whenever it has been determined that the new facilities will serve both existing and new development, facility costs have been allocated based on proportionate benefit [see the Equivalent Dwelling Unit ("EDU") discussion in Section V].

In addition, DTA has determined that utilizing a Persons Served population, comprised of all residents and 50% of employees, is common practice in quantifying the impact of a new development in a given service area and this metric will be used in both residential and non-residential employee population and calculations throughout this Fee Study.

Table 1 presented below provides a summary of the land uses covered in this Fee Study. As indicated earlier, the Fee Study will determine fees for six (6) specific land use categories, specifically residential, hotels, commercial/retail, office, industrial, and institutional/other. Notably, the table shown below is meant to provide an example of typical land uses found

in each category and is not intended to be a comprehensive list of all the City's potential land uses.

Table 1: Summary of Land Use Categories

Land Use Classification Fee Study	Definition
Residential	Includes single-family detached homes and single-family attached homes. Also includes buildings with attached residential units, including apartments, condominiums, townhomes, and all other residential units. For the purposes of determining the DIFs due, any "second unit" or "accessory dwelling unit" (as determined pursuant to Section 65852.2 of the Government Code) shall be considered a separate residential unit and shall be subject to this fee, consistent with State law.
Hotels	Includes hotels, motels, spas and resorts.
Commercial/Retail	Includes buildings used as the following: ▪ Retail; ▪ Service-oriented business activities, wineries/vineyards, and car washes; ▪ Department stores, discount stores, furniture/appliance outlets, and home improvement centers; ▪ Entertainment centers; ▪ Subregional and regional shopping centers; and ▪ Grocery stores and storage facilities.
Office	Includes but is not limited to buildings used as the following: ▪ Business/professional offices; ▪ Medical/dental offices; ▪ Office parks, research parks, and business parks; and ▪ General office buildings.
Industrial	Includes buildings used in the following: ▪ Light manufacturing, warehouse/distribution, and logistics wholesaling; ▪ Wholesale and warehouse retail and/or fulfillment center; ▪ Industrial park; and ▪ Light industrial.
Institutional/Other	Include but is not limited to buildings used as the following: ▪ Professional urgent care and private hospitals and rehabilitation centers; ▪ Private schools, trade and vocational schools, and veteran's organizations; ▪ Rehabilitation centers, assisted living, and memory care facilities; and ▪ Churches, temples, mosques, and synagogues.

A Existing Residential Land Uses

Demographic data provided by the Nielsen Company (a leading information, measurement, and data analytics company), California Department of Finance, and US Census Bureau were used to estimate the existing number of housing units and population in the City. Notably, DTA attempted to utilize metrics (e.g., average household size, square footage, etc.) that standardized existing demographics with DTA's projections.

According to the information provided by the California Department of Finance, US Census Bureau, and Nielsen Company, there are currently 101,458 existing residents residing in 34,087 residential single-family, multi-family, and mobile home housing units in the City. The residential persons-per-unit figure of 2.98 was also derived from data published by the California Department of Finance. Notably, the 2.98 residents per unit estimate for the City included units in the City that are currently vacant. As a result, this figure is lower than the California Department of Finance 3.14 residents per unit figure, which includes only occupied housing units. **Table 2** presented below summarizes the existing demographics for the City's residential land uses.

Table 2: Estimated Existing Residential Development

Residential Land Use	Existing Residents [1,2]	Existing Housing Units	Residents per Unit
Residential	101,458	34,087	2.98
Total	101,458	34,087	2.98

Notes:

1. Residential units and population figures for 2024 provided by the California Department of Finance, US Census Bureau, and Nielsen Company.
2. Numbers may not sum due to rounding.

B Existing Non-Residential Land Uses

The existing non-residential square footage was compiled and estimated using the CoStar Software Real Estate Platform. In addition, The employees per square foot for non-residential land uses was based on information published in Nielsen Company *Employment Profiles* by NAICS Codes 2024. The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. The number of commercial hotel lodging rooms and non-residential building square footage presented below in **Table 3** is considered "existing non-residential development."

As reflected in Table 3 below, the City has approximately 9,846,468 total square feet of existing non-residential development, including approximately 6,268,115 square feet of commercial/retail development, 1,500,000 square feet of office space, 1,400,000 square feet

of industrial development, 678,353 square feet of institutional/other development, and 297 hotel rooms.

Per the Nielsen Company's *Employment Profiles* (2024), the City has 20,406 employees in these non-residential sectors, specifically 12,536 commercial/retail employees, 4,125 office employees, 1,750 industrial employees, 1,526 institutional/other employees, and 469 hotel employees. These numbers were based on existing employee data and existing square footage data, generating employees-per-thousand-square-foot factors ("EPSFs") of 2.0 for commercial/retail development, 2.75 for the office sector, 1.25 for the industrial sector, 2.25 for the institutional sector, and 1.58 for the hotel sector. These numbers are presented in detail in Appendix A.

Table 3: Estimated Existing Non-Residential Development [1]

Non-Residential Land Use	Existing Employees	Persons Served	Hotel Rooms	Existing Building Square Footage [2]
Hotel	469	234	297	
Commercial/Retail	12,536	6,268		6,268,115
Office	4,125	2,063		1,500,000
Industrial	1,750	875		1,400,000
Institutional/Other	1,526	763		678,353
Total	**20,406**	**10,203**	**297**	**9,846,468**

Note:

1. Numbers may not sum due to rounding.
2. Source: CoStar.

C Future Residential Land Uses (2043)

The projected number of residential units and population by 2043 is based on preliminary numbers provided the Daly City 2023-2031 Housing Element dated May 2023. The projected residential growth rates in the Housing Element Update were used over the build-out period to generate the number of future housing units shown below. As indicated in **Table 4**, given the assumed projected growth rates, DTA determined that the City is expected to grow by 9,481 residential units by the end of the 2043 build-out period.

Table 4: Future Residential Development [1]

Residential Land Use	Future Residents	Future Housing Units	Residents per Unit
Residential	28,220	9,481	2.98
Total	28,220	9,481	2.98

Note:

1. Numbers may not sum due to rounding.

Table 4 presented above summarizes the projected number of housing units for residential land uses over the build-out period. To comply with AB 602, DTA worked with City staff to determine the average square footage for both single-family and multi-family residences. Using building permit information from 2017 to 2023 provided by the City, DTA calculated that the combined average size of a residential unit was 2,149 square feet per unit across single-family and multi-family residences. Based on the total anticipated future City development of 9,481 residential units, this results in a total of 20,376,679 sq. ft. of future residential development, as shown in Table **5** below.

Table 5: Future Residential Development Sq. Ft.

Category	Total
Total Residential Units	9,481
Average Sq. Ft. per Unit [1]	2,149
Total Residential Sq. Ft.	**20,376,679**

Notes:

1. Average square footage per unit was based on single-family and multi-family building permits issues between 2017 and 2023. Mobile home units were excluded from this calculation.
2. Numbers may not sum due to rounding.

D Future Non-Residential Land Uses (2043)

To generate the 2043 non-residential square footage totals, including commercial/retail, office industrial, and institutional/other, presented in this Fee Study, non-residential development is based on the projected growth rate presented in the Daly City 2023-2031 Housing Element dated May 2023. The projected non-residential square footage growth rate was also applied to future hotel room development. A breakout of the projected non-residential development is presented below.

Table 6: Future Non-Residential Development [1]

Non-Residential Land Use	Projected Employees	Persons Served	Hotel Rooms	Projected Building Square Footage
Hotel	98	49	62	
Commercial/Retail	2,609	1304		1,304,451
Office	858	429		312,163
Industrial	364	182		291,353
Institutional/Other	318	159		141,171
Total	4,247	2,123	62	2,049,138

Note:

1. Numbers may not sum due to rounding.

V METHODOLOGY USED TO CALCULATE FEES

There are many methods used in calculating fees, but they are all based on determining the cost of needed improvements and assigning those costs equitably to various types of development. In determining a reasonable nexus for each specific type of public facility, DTA utilized several of the methodologies described below, depending upon the data and information available from the City and its current infrastructure policies.

A Standards-Based Fee Methodology

The methodology used to establish the DIFs outlined in this Fee Study for Administration, Police, Fire, Library, and Parks Facilities are based on "standards," where costs are based on existing LOS. This standards-based methodology establishes a generic unit cost for capacity, which is then applied to each land use per the existing LOS. The LOS is based on the existing number of applicable units, such as square feet of building space or acres of land or per resident for each type of facility. This standard is not based on cost of specific facilities but rather on a standard of service. The standards-based methodology ensures that City facilities are appropriately developed and sized so that future residents and employees do not cause a reduced LOS by unduly burdening the infrastructure system, thus leading to decay and deterioration. This methodology provides several advantages, including not needing to know the cost of a specific facility, identifying how much capacity or service is provided by the current system, or having to commit to a specific size of the facility.

B Plan-Based Fee Methodology

The methodology used to establish the DIFs outlined in this Fee Study for Transportation, Water, Sewer, and Storm Drainage is based on a "plan," such as a Master Plan of Facilities, CIP, or General Plan, which identifies a finite set of improvements to be implemented during the 2043 build-out period. These facility plans generally identify a finite set of facilities needed by the public agency and are developed according to assessments of facilities needs prepared by staff and/or outside consultants and adopted by the public agency's legislative body. Using this plan-based approach, specific costs can be projected and assigned to all land uses planned, often with a specific time period in mind that reflects new development projections. By using population, units, and residential and non-residential square footage numbers, it is possible to assign a cost allocation percentage for both new and existing development. In preparing an impact fee analysis, facilities costs attributed to future development can then be allocated to each land use class in proportion to the demand caused by each type of development.

C Capacity-Based Fee Methodology

Another method of fee assessment used is based on the "capacity" of a service or system, such as a water tank, a sewer plant, or a storm drain. This kind of fee is not dependent on a particular Land Use Plan (i.e., amount or intensity), but rather it is based on a rate or cost per unit of capacity that can be applied to any type of development, as long as the system has adequate capacity. This fee is useful when the costs of the facility or system are

unknown at the outset. However, it requires that the capacity used by a particular land use type be measurable or estimable and that the information be available. Capacity-based impact fees are assessed based on the demand rate per unit. Although this methodology is not used to calculate any of the Fees generated in this Fee Study, the description is provided so that the City understands the various methodologies available for calculating fees.

D Summary of Fee Methodology

In this Fee Study, the standards-based LOS methodology is used to generate Fees for Administration, Police, Fire, Library, and Parks Facilities and a plan-based methodology is used to generate the Transportation, Water, Sewer, and Storm Drainage Fees. This is summarized in **Table 7** below.

Table 7: Fee Methodology (by Fee Category Type)

Fee Category	Methodology	Basis of Methodology
Administration	Standards-Based	Existing Standard
Police		
Fire		
Library		
Parks and Recreation		
Transportation	Plan-Based	Needs List
Water		
Sewer		
Storm Drainage		

For Fees calculated using the standards-based approach, the City provided DTA with an inventory of current facilities, including buildings, land, vehicles, and equipment to use in calculating a LOS standard for each of the respective fee categories.

For Fees calculated using the plan-based approach, the City has provided DTA with the list of Future Facilities to be included in the Fee Study (the "Needs List"). For the purposes of the City's DIF program, the Needs List is intended to be the official public document identifying the facilities eligible to be financed, in whole or in part, through the imposition of a DIF on new development within the City through the year 2043. The Needs List is organized by facility element (or type) and includes cost information, as outlined in **Table 8** below.

The facilities included on the Needs List for each Fee (presented in **Appendix B**) are provided by the City and reflect either the City's goals of maintaining and improving a specific area or are part of a more formal policy document, such as a General Plan, Master Plan, CIP, or other official policy or document etc. Specific estimated facility costs are provided by the City and used as a basis for determining the allocation of revenues between new and existing development. DTA surveyed City staff and consultants on the required facilities needed to serve new development as a starting point for its Fee calculations.

Table 8: Description of Needs List Cost Sections

Column Title	Contents	Source
Total Cost for Facility	The total estimated facility cost, including engineering, design, construction, land acquisition, and equipment (as applicable).	City
Offsetting Revenues to New and Existing Development	Share of total offsetting revenues allocated to new and existing development.	City
Net Cost to City	The difference between the total cost and the offsetting revenues (column 1 plus column 2).	Calculated by DTA
Percent of Cost Allocated to New Development	Net cost allocated to new development based on new development's share of facilities.	Calculated by DTA and the City
Net Cost Allocated to New Development	The net cost to the City multiplied by the percentage cost allocated to new development.	Calculated by DTA
Policy Background or Objective	Identifies the policy source or rationale for facility need.	City General Plan, CIP, City Staff

E Allocation of Benefits

E.1 Equivalent Dwelling Units ("EDUs") and Equivalent Benefit Units ("EBUs")

The methodologies employed in this Fee Study use EDUs and EBUs as the method of identifying and quantifying benefits of certain facilities and ensuring that an equitable portion of the total facilities costs are allocated to future growth, based on the proportion of need generated by that growth. Specifically, EDUs are generated in the demographic portion of this Fee Study and are used to generate the land use calculations. EDUs are a means of quantifying different land uses in terms of their equivalence to a residential dwelling unit, where equivalence is measured in terms of potential infrastructure use or benefit for each type of public facility. In this Study, EDUs are used as a basis of allocation for Administration, Police, Fire and Library. In contrast, for Parks and Recreation, Water, Sewer and Storm Drain EBUs are used to allocate costs to future growth and generate fees. This is explained further in this section and in detail in the **Appendix.**

Table 9: Basis of Allocation (by Fee Category Type)

Fee Category	Basis of Allocation of Benefit (EDU/EBU Factor)
Administration	Persons Served
Police	Persons Served
Fire	Persons Served
Library	Persons Served
Parks and Recreation	Recreation Hours per Week per Person
Transportation	Average Daily Trips ("ADTs")
Water	Water Usage Rate (Gallons Per Day)
Sewer	Sewer Usage Rate (Gallons Per Day)
Storm Drainage	Stormwater Runoff Coefficients

E.2 Persons Served

For many of the facilities considered in this Fee Study, service population (or Persons Served) will be used to allocate benefits among fee categories. For the purpose of this Fee Study, the Persons Served calculations are based on the number of residents per dwelling unit (i.e., persons per household) and number of employees per 1,000 sq. ft. generated by each land use class. Based on years of performing a variety of fiscal and economic impact studies and with experience in a variety of both public and private sectors, DTA has determined that utilizing a service population, or Persons Served population, comprised of all residents and 50% of employees is common fiscal practice in quantifying the impact of a new development in each service area. This industry standard suggests that a resident generally has twice the fiscal impact of an employee.

E.3 Average Daily Trips ("ADTs")

Traffic DIFs were calculated for each of the six (6) land use categories based on the number of ADTs generated by each land use. ADTs are published by the Institute of Transportation Engineers ("ITE") Publication "10th Generation Trip Generation Manual." The ADT generation rates are per dwelling unit (for residential units), daily trip generation per 1,000 square feet of each category of non-residential development, and per room for lodging. Per the ITE, a trip or trip end is a single or one-direction person or vehicle movement with either the origin or the destination exiting or entering) inside a study site. In technical terms, a trip has an origin and a destination at its respective ends (known as trip ends). Each trip end is part of a trip. For trip site generation, the focus is the trips entering and exiting a single site. Specifically, ADTs are the total number of trips, both inbound and outbound, within a 24-hour weekday period, generated by a particular use or development. In the case of industrial development, ADTs are adjusted by a passenger-car per truck conversion rate to account for the extra wear and tear due to the large number of multi-axle commercial vehicles.

Table 10: EDUs/EBUs

Facility Type	EBU/EDU	Existing	Projected	Total
Administration	EDU	40,943	10,908	51,851
Police	EDU	40,943	10,908	51,851
Fire	EDU	40,943	10,908	51,851
Library	EDU	40,943	10,908	51,851
Parks and Recreation [1]				
Transportation	EBU	362,371	90,643	453,014
Water [2]	EBU	5,252,857	1,412,005	6,664,862
Sewer [2]	EBU	2,353,732	630,154	2,983,886
Storm Drainage [2]	EBU	1,184	319	1,503

Notes:

1. Park and Recreation use recreation hours per week to determine the Fee calculation. This methodology does not generate traditional existing and projected EDU/EBUs, as presented in the other categories.
2. Water and Sewer use usage rates per gallon and storm drains use runoff coefficients to determine fee calculations, so this methodology differs from the projected EDU/EBUs presented in the other categories.

The subsequent sections present the reasonable relationship of benefit, impact, and proportionality tests for each Fee element (i.e., Administration, Police, Fire, Library, Transportation, Water, Sewage, and Storm Drain facilities, as well as the analysis undertaken to apportion costs for each type of facility). More detailed fee calculation worksheets for each type of facility are included in **Appendix A**.

VI CALCULATION OF FEES

The subsequent sections present the reasonable relationship for benefit, impact, and rough proportionality tests for each Fee element (i.e., police facilities, fire facilities, library facilities, etc.) and analysis undertaken to apportion costs for each type of public facility on the Needs List. More detailed fee calculation worksheets for each type of facility are included in Appendix B.

A Administration

A.1 Administration -(Nexus Requirement AB 1600)

The Administration element includes the facilities necessary to provide basic governmental services and public facilities maintenance services, exclusive of public safety, throughout the City. The proposed DIF discussed in this section, if adopted, would be imposed, collected, and spent on the acquisition of land, construction of new public buildings, and expansion of existing City facilities to accommodate new growth.

Table 11 below illustrates how the Administration Facilities Fee will meet the requirements of AB 1600 with regard to use of the fee, type of development funded or partially funded by the fee revenue, reasonable relationship to the need for facilities, and proportionality requirements.

Table 11: Administration Facilities

AB 1600 Code Section	Description	Justification
66001(a)(1)	Identify the purpose of the Fee.	Provide a revenue source that will provide funds to construct administration facilities that will mitigate the impacts of new residential and non-residential development to the City's administration facilities.
66001(a)(2)	Identify the use to which the Fee is to be put.	Construction and replacement of new civic center buildings, supporting administration facilities, child development facilities, field operations buildings, vehicles, equipment and parking facilities.
66001(a)(3)	Demonstrate how there is a reasonable relationship between the Fee's use and type of development project on which the Fee is imposed.	New residential and non-residential development in the City will generate additional residents and employees, thus increasing the need for administration services. The equipment, vehicles, buildings and parking used to provide these services will have to be expanded, constructed, or purchased to meet this increased demand and maintain the current level of service to the City.
66001(a)(4)	Demonstrate how there is a reasonable relationship between the need for the public facilities and type of development project on which the Fee is imposed.	The additional residents and employees from the new development will impact demand for administration facilities. New civic center buildings, supporting administration facilities, child development facilities, field operations buildings, vehicles, equipment, and parking facilities are needed to mitigate the impacts of the additional residents and employees. If additional administration facilities are not constructed, then overall administration services provided to the residents and employees in the City will suffer.
66001(b)	Demonstrate how there is a reasonable relationship between the amount of the Fee and cost of the public facility.	The administration Facilities Fee is based on the cost to provide civic center buildings, supporting administration facilities, child development facilities, equipment, vehicles, field operations buildings, and parking facilities. The fee is based on the cost to provide new materials at the same levels as provided to existing residents.

A.2 Calculation Methodology

The Administration Fee was calculated using the standards-based methodology discussed in Section V. For future development to receive the same LOS as exists today, the City will need to acquire or construct additional public building facilities,

vehicles, and equipment. Assuming the City's growth through 2043, the City will need to acquire or construct additional infrastructure in order to continue to maintain the existing LOS.

The standards-based methodology (LOS) ensures that City facilities are appropriately developed and sized so that future residents and employees do not cause a reduced LOS by unduly burdening the infrastructure system, thus leading to decay and deterioration. This methodology provides several advantages, including not needing to know the size or cost of a specific facility. Another advantage of this methodology is that it does not involve the planning of any future facilities. This methodology assigns 100% of the Fees to new development and allows the City to apply the Fee revenue to any Fee-eligible project.

Table 12 below identifies the current inventory for Administration. Notably, all furniture, fixtures, and equipment have been consolidated into one integrated unit that includes all department equipment, such as furniture modules, computer hardware, and other equipment, to simplify the representation of the data.

Table 12: Current Administration Inventory

Facility	Quantity
Buildings (Square Feet)	41,101
Land (Acres)	5.6
Vehicles (Number of Vehicles)	17.0
Furniture, Fixtures, and Equipment (Integrated Unit)	1.0

A.3 Level of Service (LOS)

As stated in Section III, in September of 2021, the Governor of California signed AB 602, which provides new Statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these new requirements is that, when applicable, a Nexus Study shall identify the existing Level of Service (LOS) for each public facility, identify the proposed new LOS, and include an explanation of why the new LOS is necessary. The LOS used to calculate the Administration DIFs in this section is the existing LOS, defined as the relationship between the replacement cost of Administration (as described in this section) and the City's existing Persons Served population as discussed in Section V. The current LOS is calculated by dividing the total inventory of a facility type, as noted above, by the existing number of Persons Served within the City. As indicated below, the existing LOS for every 1,000 Persons Served is 368 square feet of building space. The same LOS methodology applies to land, vehicles, and integrated equipment and is presented below in **Table 13**.

Table 13: Administration Current LOS

Facility Type	Facility Units per 1,000 Persons Served
Buildings (Square Feet)	368
Land (Acres)	0.050
Vehicles (Number of Vehicles)	0.152
Furniture, Fixtures, and Equipment (Integrated Unit)	**0.009**

The Administration Facility units generated in **Table 14** below are used to determine future Administration Facility Units funded by new development in 2043. The details behind these calculations are presented in detail in **Appendix A**.

Table 14: Future Administration in 2043

Facility Type	Number of Facility Units Funded by New Development
Buildings (Square Feet)	11,169
Land (Acres)	1.522
Vehicles (Number of Vehicles)	4.620
Furniture, Fixtures, and Equipment (Integrated Unit)	0.272

It's important to note that construction costs are dependent on the real estate market at the time of development. Location, demand for land, encumbrances, comparable acquisitions, and construction costs are a few of the many variables that play into appraisals and negotiations. Each facility will have its own location and improvement requirements. However, DTA was able to determine general cost estimates, on a per square foot basis for Administration, based on historical and current data available and input from the City. These cost estimates were then applied to the future facility units.

Table 15: Administration Total Costs in 2043 [1]

Facility Type	Facility Units Funded by New Development	Cost Per Unit	Total Facility Cost for Future Development
Buildings (Square Feet)	11,169	$625	$6,980,583
Land (Acres)	1.522	$2,365,282	$3,599,401
Vehicles (Number)	4.620	$31,872	$147,236
Equipment (Integrated Unit)	0.272	$257,298	$69,919
		Offsetting Revenue	$0
		Total Facilities Cost	$10,797,138
		Total Future EDUs	10,908
		Cost per EDU	**$990**

Note:

1. Numbers may not sum due to rounding.

A.4 Offsetting Revenues

According to City staff, there are offsetting revenues that need to be considered in the Administration calculation total. As of the end of March 2024, the City had a negative balance of $22,543 in its current Administration account that will need to be funded from future DIF revenue. A negative balance total would not count as offsetting revenue in the DIF calculation.

A.5 Administration Fee Calculations

Once the total future facility cost has been determined, the maximum calculated Fee for each land use category can be generated. This is done by dividing the total future facility cost by the projected Administration EDUs to generate a per EDU rate, which totals $990 per EDU, as shown above in **Table 15**. As discussed in Section III, per the directive of AB 602, for housing development projects, Nexus Studies adopted after July 1, 2022, will no longer be on a per unit basis and will instead be calculated based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate.

The residential Fee per sq. ft. was determined by first multiplying the cost per EDU of $990 by the total number of residential EDUs (9,841), resulting in the total amount funded from residential property of $9,384,830. This result was then divided by the total anticipated residential square feet (20,376,679) to generate the residential Fee per square foot of $0.46. Details of this calculation are shown in the table below.

Table 16: Administration Costs Financed by Fees Summary per Residential Land Use Category [1]

Land Use Type	EDUs per Unit	Number of Projected Units	Conversion Factor	Total EDUs
Residential	1.00	9,841		9,481
Total Residential			[a]	9,481
		Total Cost per EDU	*[b]*	$990
		Total Costs Financed by Residential Fees	[c] = [a] x [b]	$9,384,830
		Total Residential Sq. Ft.	[d]	20,376,679
		Total Cost per Residential Sq. Ft.	[e] = [c]/[d]	**$0.46**

Note:

1. Numbers may not sum due to rounding.

Similarly, the non-residential Fee per 1,000 sq. ft. was determined by multiplying the cost per EDU of $990 by the total number of non-residential EDUs applicable with each land use type. The table below summarizes the Fee amounts per 1,000 sq. ft. and lodging rooms, as well as the total cost financed by Fees imposed on non-residential land uses.

Table 17: Administration Costs Financed by Fee Summary per Non-Residential Land Use Category [1]

Land Use Type	EDUs per Unit/1,000 Non-Res. Sq. Ft.[1]	Fee per Lodging Unit/1,000 Non-Res. Sq. Ft..	Number of Projected Lodging Unit/1,000 Non-Res. Sq. Ft.	Costs Financed by Fees
	[a]	[b] = [a] x EDU	[c]	[d] = ([c]/1,000) x [b]
Lodging [2]	0.53	$525	62	$32,452
Commercial	0.67	$665	1,304,451	$867,620
Office/Other	0.92	$915	312,163	$285,487
Industrial	0.42	$416	291,353	$121,116
Institutional	0.76	$748	141,171	$105,633
Total Costs Financed by Non-Residential Fees				**$1,412,308**

Notes:

1. Numbers may not sum due to rounding.
2. Commercial lodging fees are measured in rooms/units.

A.6 Proposed Fees

A summary of the proposed Administration Fee is presented in the table below. The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential and non-residential development.

Table 18: Administration Costs Financed by Fees Summary per Land Use Category

Land Use Type	Residential/Non-Residential Fee per 1,000 SF /Lodging Rooms Fees	Number of Projected Res./Non-Res Sq. Ft./Lodging Rooms	Costs Financed by Fees
Single-Family	$0.46	20,376,679	$9,384,830
Multi-Family			
Mobile Homes			
Hotel	$525	62	$32,452
Commercial	$665	1,304,451	$867,620
Office/Other	$915	312,163	$285,487
Industrial	$416	291,353	$121,116
Institutional	$748	141,171	$105,633
		Total	**$10,797,138**

Note:

1. Numbers may not sum due to rounding.

Administration Facilities DIFs for residential and non-residential development are summarized in the table below.

Table 19: Administration Facilities Fee Summary

Land Use	Calculated Fees
Single-Family	$0.46 per Sq. Ft.
Multi-Family	
Mobile Homes	
Hotel	$525 per Room
Commercial Retail	$0.67 per Sq. Ft.
Office	$0.92 per Sq. Ft.
Industrial	$0.42 per Sq. Ft.
Institutional/Other	$0.75 per Sq. Ft.

A.7 Administrative Fee (Optional)

Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs, including the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

A.8 DIF Annual Cost Escalation Recommendations

The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential and non-residential development. As the DIFs proposed in this Fee Study are based on Future Facilities costs in 2024 dollars, it is appropriate for the City to apply an annual escalator to these fee levels to account for inflation in acquisition and construction costs. DTA further recommends that, after adoption, the above impact fees should be reviewed each year and include a provision for an annual adjustment based on the current CCCI. This CCI is based upon the BCI cost indices average for San Francisco as produced by ENR.

B Police

B.1 Police Facilities (Nexus Requirement AB 1600)

The Police Facilities element includes those facilities used by the City's Police Department to provide law enforcement services. The Fees collected from the new development will be used exclusively for Police Department purposes. All new development within the City contributes to the direct and cumulative impacts of development on Police Department facilities and creates the need for new facilities to accommodate growth. The facilities, equipment, and vehicles used to provide these services will have to be purchased or replaced to meet this increased demand. Thus, a reasonable relationship exists between the need for Police Facilities and impact of residential and non-residential development.

Table 20 below illustrates how the police fee will meet the requirements of AB 1600 with regard to use of the fee, type of development funded or partially funded by the fee revenue, reasonable relationship to the need for facilities, and proportionality requirements.

Table 20: Police Facilities

AB 1600 Code Section	Description	Justification
66001(a)(1)	Identify the purpose of the Fee.	Provide a revenue source that will provide funds to acquire vehicles, property and equipment, and additional facilities that will mitigate the impacts of new residential and non-residential development to the City's Police facilities.
66001(a)(2)	Identify the use to which the Fee is to be put.	Acquisition of additional police vehicles, property and equipment.
66001(a)(3)	Demonstrate how there is a reasonable relationship between the Fee's use and type of development project on which the Fee is imposed.	New residential and non-residential development in the City will generate additional residents and employees in the City, thus increasing the need for trained police personnel. Vehicles, property and equipment used to provide these services will have to be purchased to meet this increased demand and maintain the same level of service to the City.
66001(a)(4)	Demonstrate how there is a reasonable relationship between the need for the public facilities and type of development project on which the Fee is imposed.	The additional residents and employees from new development will impact the demand for police vehicles, property and equipment. New police vehicles and equipment are needed to mitigate the impacts of the additional residents and employees. If additional police vehicles and equipment are not acquired, then overall public safety in the City will suffer.
66001(b)	Demonstrate how there is a reasonable relationship between the amount of the Fee and cost of the public facility.	The police fee is based on the cost to provide new vehicles, property and equipment, and additional facilities. The fee is based on the cost to provide new materials at the same levels as provided to existing residents.

The table below identifies the current inventory for Police Facilities. Notably, all furniture, fixtures, and equipment have been consolidated into one integrated unit that includes all department equipment, such as furniture modules and other equipment, to simplify the representation of the data.

Table 21: Current Police Facilities Inventory

Facility	Quantity
Buildings (Square Feet)	29,263
Land (Acres)	0
Vehicles (Number of Vehicles)	84
Furniture, Fixtures, and Equipment (One Integrated Unit)	1

B.2 Calculation Methodology

The Police Facilities Fee was calculated using the standards-based methodology discussed in Section V. For future development to receive the same LOS that exists today, the City will need to acquire or construct additional Police Facilities, vehicles, and equipment. Assuming the City's projected growth over the next 19 years, the City will need to acquire or construct additional infrastructure in order to continue to maintain the existing LOS.

The standards-based methodology (LOS) ensures that City facilities are appropriately developed and sized so that future residents and employees do not cause a reduced LOS by unduly burdening the infrastructure system, thus leading to decay and deterioration. This methodology provides several advantages, including not needing to know the size or cost of a specific facility. Another advantage of this methodology is that it does not involve the planning of any future facilities. This methodology assigns 100% of the Fees to new development and allows the City to apply the Fee revenue to any Fee-eligible project.

B.3 Level of Service (LOS)

As stated in Section III, in September of 2021, the Governor of California signed AB 602, which provides new Statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these new requirements is that, when applicable, a Nexus Study shall identify the existing LOS for each public facility, identify the proposed new LOS, and include an explanation of why the new LOS is necessary. The LOS used to calculate the Police Facilities DIFs in this section is the existing LOS, defined as the relationship between the replacement cost of Police Facilities (as described in this section) and the City's existing Persons Served population, as discussed in Section V.

The current LOS is calculated by dividing the total inventory of a facility type, as noted above, by the existing number of Persons Served within the City. As indicated below, the existing LOS for every 1,000 Persons Served is 262 square feet of building space. The same LOS methodology applies to land, vehicles, and integrated equipment and is presented below in **Table 22**.

Table 22: Police Facilities Current LOS

Facility Type	Facility Units per 1,000 Persons Served
Buildings (Square Feet)	262
Land (Acres)	0.000
Vehicles (Number of Vehicles)	0.752
Furniture, Fixtures, and Equipment (Integrated Unit)	0.009

The facility units generated in the table below are used to determine future Police Facility Units (buildings, land, vehicles, and equipment) funded by new development

by 2043. These are the numbers required to maintain the same level of existing service by 2043. This is presented below in **Table 23**. The details behind these calculations are presented in detail in **Appendix A**.

Table 23: Future Police Facilities Required to Maintain the Current LOS in 2043

Facility Type	Number of Facility Units Funded by New Development
Buildings (Square Feet)	7,952
Land (Acres)	0.000
Vehicles (Number of Vehicles)	22.826
Furniture, Fixtures, and Equipment (Integrated Unit)	**0.272**

It's important to note that construction costs are dependent on the real estate market at the time of development. Location, demand for land, encumbrances, comparable acquisitions, and construction costs are a few of the many variables that play into appraisals and negotiations. Each facility will have its own location and improvement requirements. However, DTA determined general cost estimates, on a per square foot basis, for Police Facilities based on historical and current data available. Building costs for public safety facilities are somewhat higher than conventional structures as they must be built to a higher standard and assume a higher level of use (24-hour use). These cost estimates were then applied to the future facility units.

Table 24: Police Total Facilities Costs in 2043 [1]

Facility Type	Facility Units Funded by New Development	Cost Per Unit	Total Facility Cost for Future Development
Buildings (Square Feet)	7,952	$782	$6,218,489
Land (Acres)	0.000	$0	$0
Vehicles (Number)	22.826	$29,380	$670,635
Equipment (Integrated Unit)	0.272	$2,824,367	$767,504
		Offsetting Revenue	($193,414)
		Total Facilities Cost	$7,850,042
		Total Future EDUs (see Table 11)	10,908
		Cost per EDU	**$720**

Note:

1. Numbers may not sum due to rounding.

B.4 Offsetting Revenues

According to City staff, there are offsetting revenues that need to be considered in the Police calculation total. As of the end of March 2024, the City had $193,414 in its current Police account that needed to be subtracted from the facilities cost total. This is reflected in **Table 24**.

B.5 Police Facilities Fee Calculation

Once the total future facilities cost has been determined, the maximum calculated fee for each land use category can be generated. This is done by dividing the total future facility cost by the projected Police Facilities EDUs to generate a per EDU rate, which equals $720 per EDU, as shown in **Table 24** above. As discussed in Section II, per the directive of AB 602, for housing development projects, Nexus Studies adopted after July 1, 2022, will no longer be on a per unit basis and will instead be calculated based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate. In this Fee Study, residential housing includes single-family, multi-family, and mobile home residences.

The residential Fee per sq. ft. was determined by first multiplying the cost per EDU of $720 by the total number of residential EDUs (9,841), resulting in the total amount funded from residential property of $6,823,225. This result was then divided by the total anticipated residential square footage (20,376,679) to generate the residential Fee per square foot of $0.34. Details of this calculation are shown in the table below.

Table 25: Police Facilities Costs Financed by Fees Summary per Residential Land Use Category [1]

Land Use Type	EDUs per Unit/	Number of Projected Units	Conversion Factor	Total EDUs
Residential	1.00	9,841		9,841
		Total Residential	*[a]*	9,841
		Total Cost per EDU	*[b]*	$720
		Total Costs Financed by Residential Fees	[c] = [a] x [b]	$6,823,225
		Total Residential Sq. Ft.	[d]	20,376,679
		Total Cost per Residential Sq. Ft.	[e] = [c]/[d]	**$0.34**

Note:

1. Numbers may not sum due to rounding.

Similarly, the non-residential Fee per 1,000 sq. ft. was determined by multiplying the cost per EDU of $720 by the total number of non-residential EDUs applicable with each land use type. The table below summarizes the Fee non-residential amounts per 1,000 sq. ft. and lodging rooms, as well as the total cost financed by Fees imposed on non-residential land uses.

Table 26: Police Facilities Costs Financed by Fees Summary per Non-Residential Land Use Category [1]

Land Use Type	EDUs per Unit/1,000 Non-Res. Sq. Ft.	Fee per Lodging Unit/1,000 Non-Res. Sq. Ft..	Number of Projected Lodging Unit/1,000 Non-Res. Sq. Ft.	Costs Financed by Fees
	[a]	[b]=[a] x EDU	[c]	e] = ([c]/1,000) x [b]
Hotel [2]	0.53	$382	62	$23,594
Commercial/Retail	0.67	$484	1,304,451	$630,802
Office	0.92	$665	312,163	$207,563
Industrial	0.42	$302	291,353	$88,057
Institutional/Other	0.76	$544	141,171	$76,801
			Total Costs Financed by Non-Residential Fees	**$1,026,816**

Notes:

1. Numbers may not sum due to rounding.
2. Hotel Fees are measured in units/rooms.

B.6 Proposed Fees

A summary of the proposed Police Fees is presented in **Table 27** below. The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential and non-residential development by the City under the statutory requirements of Government Code Section 66000 *et. seq.*

Table 27: Police Facilities Costs Financed by Fees Summary per Land Use Category [1]

Land Use Type	Residential/Non-Residential Fee per 1,000 SF /Lodging Rooms Fees [2]	Number of Projected Res Sq. Ft./Non-Res. Sq. Ft/Hotel Rooms	Costs Financed by Fees
Single-Family Multi-Family Mobile Home	$0.34	20,376,679	$6,823,225
Hotel	$382	62	$23,594
Commercial/Retail	$484	1,304,451	$630,802
Office	$665	312,163	$207,563
Industrial	$302	291,353	$88,057
Institutional/Other	$544	141,171	$76,801
		Total	**$7,850,042**

Notes:

1. Numbers may not sum due to rounding.
2. Non-residential fees except for hotel apply per 1,000 square feet.

Police Facilities DIFs for residential and non-residential development are summarized in the table below.

Table 28: Police Facilities Fee Summary

Land Use	Calculated Fees
Single-Family	$0.33 per Sq. Ft.
Multi-Family	
Mobile Homes	
Hotel	$382 per Room
Commercial Retail	$0.48 per Sq. Ft.
Office	$0.67 per Sq. Ft.
Industrial	$0.30 per Sq. Ft.
Institutional/Other	$0.54 per Sq. Ft.

B.7 Administrative Fee (Optional)

Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs, including the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

B.8 DIF Annual Cost Escalation Recommendations

The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development. As the DIFs proposed in this Fee Study are based on Future Facilities costs in 2024 dollars, it is appropriate for the City to apply an annual escalator to these Fee levels to account for inflation in acquisition and construction costs. DTA further recommends that, after adoption, the above impact fees be reviewed each year and include a provision for an annual adjustment based on the current CCCI. This CCI is based upon the BCI cost indices average for San Francisco as produced by ENR.

C Fire

C.1 Fire Facilities (Nexus Requirement AB 1600)

The Fire Facilities element includes those facilities used by the North County Fire Authority, which services Daly City, Pacifica, and Brisbane to maintain Fire services. The Fees collected from new development will be used exclusively for Fire Department purposes. All new development within the City contributes to the direct and cumulative impacts of development on Fire Department facilities and creates the need for new facilities to accommodate growth. The facilities, equipment, and vehicles used to provide these services will have to be purchased or replaced to meet this increased demand. Thus, a reasonable relationship exists between the need for Fire Facilities and impact of residential and non-residential development.

Table 29 below illustrates how the fire fee will meet the requirements of AB 1600 with regard to use of the Fee, type of development funded or partially funded by the Fee revenue, reasonable relationship to the need for facilities, and proportionality requirements.

Table 29: Fire Facilities

AB 1600 Code Section	Description	Justification
66001(a)(1)	Identify the purpose of the Fee.	Provide a revenue source that will provide funds to construct and expand the various Fire facilities, acquire equipment and property, and a variety of specialized fire and emergency vehicles that will mitigate the impacts of new residential and non-residential development to the City's Fire facilities.
66001(a)(2)	Identify the use to which the Fee is to be put.	Expansion/construction/acquisition of Fire facilities, property and equipment, and vehicles.
66001(a)(3)	Demonstrate how there is a reasonable relationship between the Fee's use and type of development project on which the Fee is imposed.	New residential and non-residential development in the City will generate additional residents and employees, thus increasing the need for trained Fire personnel. Multiple buildings, property and equipment, and vehicles used to provide these services will have to be expanded, constructed, or purchased to meet this increased demand and maintain the current level of service to the City.
66001(a)(4)	Demonstrate how there is a reasonable relationship between the need for the public facilities and type of development project on which the Fee is imposed.	The additional residents and employees from new development will impact demand for fire facilities. New Fire facilities, vehicles, and equipment are needed to mitigate the impacts of the additional residents and employees. If additional Fire facilities, vehicles, and equipment are not constructed and equipment and vehicles are not acquired, then overall public safety in the City will suffer.
66001(b)	Demonstrate how there is a reasonable relationship between the amount of the Fee and cost of the public facility.	The Fire Fee is based on the cost to provide new facilities, property and equipment, and a variety of firefighting and emergency vehicles. The fee is based on the cost to provide new materials at the same levels as provided to existing residents.

The table below identifies the current inventory for Fire facilities. Notably, all furniture, fixtures, and equipment have been consolidated into one integrated unit that includes all department equipment, such as furniture modules and other equipment, to simplify the representation of the data.

Table 30: Current Fire Facilities Inventory

Facility	Quantity
Buildings (Square Feet)	40,795
Land (Acres)	2.51
Vehicles (Number of Vehicles)	38.00
Furniture, Fixtures, and Equipment (One Integrated Unit)	1.00

C.2 Calculation Methodology

The Fire Facilities Fee was calculated using the standards-based methodology discussed in Section V. For future development to receive the same LOS that exists today, the City will need to acquire or construct additional Fire Facilities, vehicles, and equipment. Assuming the City's 2043 build-out, the City will need to acquire or construct additional infrastructure in order to continue to maintain the existing LOS.

The standards-based methodology (LOS) ensures that City facilities are appropriately developed and sized so that future residents and employees do not cause a reduced LOS by unduly burdening the infrastructure system, thus leading to decay and deterioration. This methodology provides several advantages, including not needing to know the size or cost of a specific facility. Another advantage of this methodology is that it does not involve the planning of any future facilities. This methodology assigns 100% of the Fees to new development and allows the City to apply the Fee revenue to any Fee-eligible project.

C.3 Level of Service (LOS)

As stated earlier in Section III, in September of 2021 the Governor of California signed AB 602, which provides new statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these new requirements is that, when applicable, a Nexus Study shall identify the existing LOS for each public facility, identify the proposed new LOS, and include an explanation of why the new LOS is necessary. The LOS used to calculate the Fire Facilities DIFs in this section is the existing LOS, defined as the relationship between the replacement cost of Fire Facilities (as described in this section) and the City's existing Persons Served population as discussed in Section IV. The current LOS is calculated by dividing the total inventory of a facility type, as noted above, by the existing number of Persons Served within the City. As indicated below, the existing LOS for every 1,000 Persons Served is 365 square feet of building space. The same LOS methodology applies to land, vehicles, and integrated equipment and is presented below in **Table 31**.

Table 31: Fire Facilities Current LOS

Facility Type	Facility Units per 1,000 Persons Served
Buildings (Square Feet)	365
Land (Acres)	0.02
Vehicles (Number of Vehicles)	0.34
Furniture, Fixtures, and Equipment (Integrated Unit)	0.01

The facility units generated in the table above are used to determine future Fire Facility Units (buildings, land, vehicles, and equipment) funded by new development by 2043. These are the numbers required to maintain the same level of existing service by 2043. This is presented below in **Table 32**. The mathematics behind these calculations are presented in detail in **Appendix A**.

Table 32: Future Fire Facilities Required to Maintain the Current LOS in 2043

Facility Type	Number of Facility Units Funded by New Development
Buildings (Square Feet)	11,086
Land (Acres)	0.682
Vehicles (Number of Vehicles)	10.326
Furniture, Fixtures, and Equipment (Integrated Unit)	0.272

It's important to recognize that construction costs are dependent on the real estate market at the time of development. Location, demand for land, encumbrances, comparable acquisitions, and construction costs are a few of the many variables that play into appraisals and negotiations. Each facility will have its own location and improvement requirements. However, DTA determined general cost estimates on a per square foot basis for Fire Facilities based on historical and current data available. Building costs for public safety facilities are somewhat higher than conventional structures as they must be built to a higher standard and assume a higher level of use (24-hour use). These cost estimates were then applied to the future facility units. Please see **Table 33** below for additional details regarding the costs for Fire Facilities.

Table 33: Fire Total Facilities Costs in 2043

Facility Type	Facility Units Funded by New Development	Cost Per Unit	Total Facility Cost for Future Development
Buildings (Square Feet)	11,086	$1,092	$12,106,204
Land (Acres)	0.682	$2,365,282	$1,613,303
Vehicles (Number)	10.326	$280,153	$2,892,933
Equipment (Integrated Unit)	0.272	$1,768,253	$480,511
		Offsetting Revenue	**$0.00**
		Total Facilities Cost	$17,092,951
		Total Future EDUs (see Table 11)	10,908
		Cost per EDU	**$1,567**

Note:

1. May not sum due to rounding.

C.4 Offsetting Revenues

In calculating DIFs, it is important to consider any offsetting revenue in the Fire Facilities calculation total as any existing account balance or other offsetting funds must be subtracted from the facilities cost total. As of the end of March 2024, the City had a negative balance of $569,440 in its current Fire account that will need to be funded from future DIF revenue. A negative balance total would not count as offsetting revenue in the DIF calculation.

C.5 Fire Facilities Fee Calculation

Once the total future facility cost has been determined, the maximum calculated Fee for each land use category can be generated. This is done by dividing the total future facility cost by the projected Fire Facilities EDUs to generate a per EDU rate, which equals $1,567 per EDU as shown above. As discussed in Section II, per the directive of AB 602, for housing development projects, Nexus Studies adopted after July 1, 2023, will no longer be on a per unit basis and will instead be calculated based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate.

Table 34: Fire Facilities Costs Financed by Fees Summary per Residential Land Use Category

Land Use Type	EDUs per Unit	Number of Projected Units	Conversion Factor	Total EDUs
Residential	1.00	9,481		9,481
		Total Residential	[a]	9,481
		Total Cost per EDU	*[b]*	$1,567
		Total Cost Financed by Residential Fees	[c] = [a] x [b]	$14,857,125
		Total Residential Sq. Ft.	[d]	20,376,679
		Total Cost per Residential Sq. Ft.	[e] = [c]/[d]	**$0.73**

Note:

1. May not sum due to rounding.

Again, the residential Fee per sq. ft. was determined by first multiplying the cost per EDU of $1,567 by the total number of residential EDUs (9,481), resulting in total amount funded from residential property of $14,857,125. This result was then divided by the total anticipated residential square feet (20,376,679) to generate the Fee per square foot of $0.73. Details of this calculation are shown in the table above.

Similarly, the non-residential Fee per room and per 1,000 sq. ft. was determined by multiplying the cost per EDU of $1,567 by the total number of non-residential EDUs applicable with each land use type. The table below summarizes the Fee amounts per lodging unit and per 1,000 sq. ft., as well as the total cost financed by Fees imposed on non-residential land uses.

Table 35: Fire Facilities Costs Financed by Fees Summary per Non-Residential Land Use Category

Land Use Type	EDUs per Unit/1,000 Non-Res. Sq. Ft.[1]	Fee per Unit/1,000 Non-Res. Sq. Ft./ Lodging Room.	Number of Projected Units/1,000 Non-Res. Sq. Ft.	Costs Financed by Fees
	[a]	[b] = [a] x EDU	[c]	[e] = [c] x [b]
Hotel	0.53	$831	62	$51,375
Commercial/Retail	0.67	$1,053	1,304,451	$1,373,529
Office	0.92	$1,448	312,163	$451,955
Industrial	0.42	$658	291,353	$191,738
Institutional/Other	0.76	$1,114	141,171	$157,245
Total Costs Financed by Non-Residential Fees				**$2,235,825**

Note:

1. May not sum due to rounding.

C.6 Proposed Fees

A summary of the proposed Fire Fees is presented in **Table 36** below. The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential and non-residential development by the City under the statutory requirements of Government Code Section 66000 *et. seq.*

Table 36: Fire Facilities Costs Financed by Fees Summary per Land Use Category

Land Type	Residential/ Non-Residential Fee per 1,000 /Lodging Rooms Fees	Projected Res. Sq. Ft./Non-Res. Sq. Ft.	Costs Financed by Fees
Single-Family	$0.73	9,841	$14.857.125
Multi-Family			
Mobile Homes			
Hotel	$831	62	$51,375
Commercial/Retail	$1,053	1,304,451	$1,373,529
Office	$1,448	312,163	$451,955
Industrial	$658	291,353	$191,738
Institutional/Other	$1,185	141,171	$167,228
		Total	**$17,092,951**

Notes:

1. Residential Fees are per square foot.
2. Hotel fees are per room.
3. Commercial/Retail, Office, Industrial and Institutional/Other are per 1,000 Square foot.

Fire Facilities DIFs for residential and non-residential development are summarized in the table below.

Table 37: Fire Facilities Fee Summary

Land Use	Calculated Fees
Single-Family	$0.73 per Sq. Ft.
Multi-Family	
Mobile Homes	
Hotel	$831 per Room
Commercial Retail	$1.05 per Sq. Ft.
Office	$1.45 per Sq. Ft.
Industrial	$0.66 per Sq. Ft.
Institutional/Other	$1.19 per Sq. Ft.

C.7 Administrative Fee (Optional)

Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs, including the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

C.8 DIF Annual Cost Escalation Recommendations

The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development. As the DIFs proposed in this Fee Study are based on Future Facilities costs in 2024 dollars, it is appropriate for the City to apply an annual escalator to these Fee levels to account for inflation in acquisition and construction costs. DTA further recommends that, after adoption, the above impact fees be reviewed each year and include a provision for an annual adjustment based on the current CCCI. This CCI is based upon the BCI cost indices average for San Francisco as produced by ENR.

D Library

D.1 Library Facilities (Nexus Requirement AB 1600)

The Library Facilities element includes those facilities used by the City Library Department to maintain Library services. The fees collected from the new development will be used exclusively for Library Department purposes. All new development within the City contributes to the direct and cumulative impacts of development on Library Department facilities and creates the need for new facilities to accommodate growth. The facilities and equipment used to provide these services will have to be purchased or replaced to meet this increased demand. Thus, a reasonable relationship exists between the need for Library Facilities and impact of residential and non-residential development.

Table 38 below illustrates how the Library Fee will meet the requirements of AB 1600 with regard to use of fees, type of development on which the Fee is imposed, reasonable relationship to the need for collection items, and proportionality requirements.

Table 38: Library Facilities

AB 1600 Code Section	Description	Justification
66001(a)(1)	Identify the purpose of the Fee.	Provide a revenue source that will provide funds to acquire/construct new library facilities and buildings, remodel/refurbish existing facilities and buildings, vehicles, property and equipment, and acquire various library collection items that will mitigate the impacts of new residential development to the City's Library facilities.
66001(a)(2)	Identify the use to which the Fee is to be put.	Construction of new library facilities, remodel/refurbishment of existing facilities, vehicles, property and equipment and expansion of library collection items. Collection items include but are not limited to books, periodicals, newspapers, DVDs, e-books, etc.
66001(a)(3)	Demonstrate how there is a reasonable relationship between the Fee's use and type of development project on which the Fee is imposed.	New residential development in the City will generate additional residents who will become library patrons. In addition to equipment and property, and vehicles, new facilities will need to be acquired/constructed, existing facilities will need to be remodeled / refurbished or expanded and collections will have to be expanded and additional volumes acquired to meet this increased demand. Fees collected from new residential development will be used for the acquisition/construction of new facilities, remodel/refurbishment of existing facilities, and acquisition of collection items so that the City can maintain their current level of service.
66001(a)(4)	Demonstrate how there is a reasonable relationship between the need for the public facilities and type of development project on which the Fee is imposed.	The additional residents from new development will impact demand for library space and collection items. New facility space will need to be expanded or acquired/constructed and existing facility space will need to be remodeled/refurbished. If new facilities are not acquired/constructed, existing facilities are not remodeled/refurbished, and additional library collection items are not acquired, then the City's libraries will have insufficient space and materials.
66001(b)	Demonstrate how there is a reasonable relationship between the amount of the Fee and cost of the public facility.	The library fee is based on the cost to provide new facilities, property and equipment, and vehicles. The fee is based on the cost to provide new materials at the same levels as provided to existing residents.

The table below identifies the current inventory for Library facilities. Notably, all furniture, fixtures, and equipment have been consolidated into one integrated unit that includes all department equipment, such as furniture modules and other equipment, to simplify the representation of the data.

Table 39: Current Library Facilities Inventory

Facility	Quantity
Buildings (Square Feet)	38,000
Land (Acres)	0.90
Vehicles (Number)	5.00
Equipment (Integrated Unit)	1.00

D.2 Calculation Methodology

The Library Facilities Fee was calculated using the standards-based methodology discussed in Section V. For future development to receive the same LOS as exists today, the City will need to acquire or construct additional Library facilities, vehicles, and equipment. Assuming the City's growth over the next 19 years, the City will need to acquire or construct additional infrastructure in order to continue to maintain the existing LOS. Unlike the other fees generated in this Fee Study, non-residential development will be excluded from the fee calculation.

The standards-based LOS ensures that City facilities are appropriately developed and sized so that future residents and employees do not cause a reduced LOS by unduly burdening the infrastructure system, thus leading to decay and deterioration. This methodology provides several advantages, including not needing to know the size or cost of a specific facility. Another advantage of this methodology is that it does not involve the planning of any future facilities. This methodology assigns 100% of the Fees to new development and allows the City to apply the Fee revenue to any Fee-eligible project.

D.3 Level of Service (LOS)

As stated in Section III, in September of 2021 the Governor of California signed AB 602, which provides new Statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these new requirements is that, when applicable, a Nexus Study shall identify the existing LOS for each public facility, identify the proposed new LOS, and include an explanation of why the new LOS is necessary. The LOS used to calculate the Library Facilities DIFs in this section is the existing LOS, defined as the relationship between the replacement cost of Library Facilities (as described in this section) and the City's existing Persons Served population as discussed in Section IV.

The current LOS is calculated by dividing the total inventory of a facility type, as noted above, by the existing number of Persons Served within the City. As indicated below, the existing LOS for every 1,000 Persons Served is 340 square feet of building space. The same LOS methodology applies to land, vehicles, and integrated equipment and is presented below in **Table 40**.

Table 40: Library Facilities Current LOS

Facility Type	Facility Units per 1,000 Persons Served
Buildings (Square Feet)	340
Land (Acres)	0.008
Vehicles (Number of Vehicles)	0.045
Furniture, Fixtures, and Equipment (Integrated Unit)	**0.009**

The facility units generated in the table above are used to determine future Library Facility Units (buildings, land, vehicles, and equipment) funded by new development in 2043. This is presented below in **Table 41**. The mathematics behind these calculations are presented in detail in **Appendix A**.

Table 41: Library Future Facilities in 2043

Facility Type	Number of Facility Units Funded by New Development
Buildings (Square Feet)	10,326
Land (Acres)	0.2371
Vehicles (Number of Vehicles)	1.3587
Furniture, Fixtures, and Equipment (Integrated Unit)	**0.2717**

It's important to note that construction costs are dependent on the real estate market at the time of development. Location, demand for land, encumbrances, comparable acquisitions, and construction costs are a few of the many variables that play into appraisals and negotiations. Each facility will have its own location and improvement requirements. However, DTA determined general cost estimates, on a per square foot basis, for Library facilities based on historical and current data available. These cost estimates were then applied to the future facility units. Please see **Table 42** below for additional detail regarding the costs for Library facilities.

Table 42: Library Total Facilities Costs in 2043 [1]

Facility Type	Facility Units Funded by New Development	Cost Per Unit	Total Facility Cost for Future Development
Buildings (Square Feet)	340	$600	$6,195,754
Land (Acres)	0.008	$2,365,282	$560,709
Vehicles (Number)	0.045	$38,457	$52,252
Equipment (Integrated Unit)	0.009	$12,466,425	$3,387,671
		Offsetting Revenue	($469,073)
		Total Facilities Cost	$9,727,313
		Total Future EDUs (see Table 10)	10,908
		Cost per EDU	**$892**

Note:

1. May not sum due to rounding.

D.4 Offsetting Revenues

According to information obtained by DTA, there are offsetting revenues that need to be considered in the library faculties calculation total. As of the end of March 2024, the City has $469,073 in its current library account that must be subtracted from the Library facilities cost total. This is reflected in **Table 42.**

D.5 Library Facilities Fee Calculation

Once the total future facility cost has been determined, the maximum calculated Fee for each land use category can be generated. This is done by dividing the total future facility cost by the projected Library Facilities EDUs to generate a per EDU rate, which equals $892 per EDU as shown below. As discussed in Section II, per the directive of AB 602, for housing development projects, Nexus Studies adopted after July 1, 2022, will no longer be on a per unit basis and will instead be calculated based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate.

The residential Fee per sq. ft. was determined by first multiplying the cost per EDU of $892 by the total number of residential EDUs (9,481), resulting in total amount funded from residential property of $8,454,942. This result was then divided by the total anticipated residential square feet 20,376,679 to generate the Fee per square foot of $0.42. Details of this calculation are shown in **Table 43** below.

Table 43: Library Facilities Costs Financed by Fees Summary per Land Use Category [1]

Land Use Type	EDUs per Unit	Number of Projected Units	Conversion Factor	Total EDUs
Single-Family	1.00	9,481		9,481
			[a]	9,481
		Total Cost per EDU	[b]	$892
		Total Costs Financed by Residential Fees	[c] = [a] x [b]	$8,454,942
		Total Residential Sq. Ft.	[d]	20,376,679
		Total Cost per Residential Sq. Ft.	[e] = [c]/[d]	**$0.42**

Note:

1. May not sum due to rounding.

Similarly, the non-residential Fee per room and per 1,000 sq. ft. was determined by multiplying the cost per EDU of $892 by the total number of non-residential EDUs applicable with each land use type. The table below summarizes the Fee amounts per lodging unit and per 1,000 sq. ft., as well as the total cost financed by Fees imposed on non-residential land uses.

Table 44: Library Facilities Costs Financed by Fees Summary per Non-Residential Land Use Category

Land Use Type	EDUs per Unit/1,000 Non-Res. Sq. Ft.[1]	Fee per Unit/1,000 Non-Res. Sq. Ft..	Number of Projected Units/1,000 Non-Res. Sq. Ft.	Costs Financed by Fees
	[a]	[b] = [a] x EDU	[c]	[e] = [c] x [b]
Hotel	0.53	$473	62	$29,236
Commercial/Retail	0.67	$599	1,304,451	$781,653
Office	0.92	$824	312,163	$257,200
Industrial	0.42	$375	291,353	$109,115
Institutional/Other	0.76	$674	141,171	$95,167
			Total Costs Financed by Non-Residential Fees	**$1,272,371**

Note:

1. May not sum due to rounding.

D.6 Proposed Fees

A summary of the proposed Library Fees is presented in **Table 45** below. The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential and non-residential development.

Table 45: Library Facilities Costs Financed by Fees Summary per Land Use Category

Land Type	Res. Fee per Sq. Ft./1,000 Non-Res Fee per Sq. Ft.	Projected Res. Sq. Ft./Non-Res. Sq. Ft.	Costs Financed by Fees
Single-Family	$0.42	9,481	$8,454,942
Multi-Family			
Mobile Homes			
Hotel	$473	62	$29,236
Commercial/Retail	$599	1,304,451	$781,653
Office	$824	312,163	$257,200
Industrial	$375	291,353	$109,115
Institutional/Other	$674	141,171	$95,167
		Total	**$9,727,313**

Notes:

1. Residential Fees are per square foot.
2. Hotel fees are per room.
3. Commercial/Retail, Office, Industrial and Institutional/Other are per 1,000 Square foot.

Library Facilities DIFs for residential and non-residential development is summarized in the table below.

Table 46: Library Facilities Costs Financed by Fees Summary per Land Use Category

Land Use	Calculated Fees
Single-Family	$0.42 per Sq. Ft.
Multi-Family	
Mobile Homes	
Hotel	$473 per room
Commercial Retail	$0.60 per Sq. Ft.
Office	$0.82 per Sq. Ft.
Industrial	$0.38 per Sq. Ft.
Institutional/Other	$0.67 per Sq. Ft.

D.7 Administrative Fee (Optional)

Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs, including the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

D.8 DIF Annual Cost Escalation Recommendations

The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development. As the DIFs proposed in this Fee Study are based on Future Facilities costs in 2024 dollars, it is appropriate for the City to apply an annual escalator to these Fee levels to account for inflation in acquisition and construction costs. DTA further recommends that, after adoption, the above impact fees should be reviewed each year and include a provision for an annual adjustment based on the current CCCI. This CCI is based upon the BCI cost indices average for San Francisco as produced by ENR.

E Parks and Recreation Fees

E.1 Parks and Recreation Development Facilities Fees (Nexus Requirement AB 1600)

The Parks and Recreational Facilities element will serve the residents of the City by providing facilities for recreation while enhancing the community's appeal and quality of life. The type of facilities described in this section include the City's Parks and Recreation facilities. The Fee Study includes a component for the development of new park and recreation facilities to serve new residential development for the City through 2043. Covered in this Fee section are park and recreation improvements, land acquisition, and development. In contrast to the Fees covered earlier in this Fee Study, non-residential development will be excluded from the fee calculation.

According to the City's 2020 Parks and Open Space Master Plan, in addition to improving the overall quality of life for residents, excellent park and recreation opportunities contribute to the City's quality of life and promote a healthy, active community and enhance the City's economic viability. Not only do parks and recreation facilities make the community more attractive to residents (providing a stronger market base for local businesses), but they can also directly influence a City's ability to enhance its fiscal base by attracting commercial and industrial businesses.

Table 47 below illustrates how the Parks and Recreation Fee will meet the requirements of AB 1600 with regard to use of the Fee, type of development funded or partially funded by the Fee revenue, reasonable relationship to the need for facilities, and proportionality requirements.

Table 47: Parks and Recreation Facilities

AB 1600 Code Section	Description	Justification
66001(a)(1)	Identify the purpose of the Fee.	Provide a revenue source that will provide funds to acquire land and construct parks and recreation facilities, community centers, trail facilities, vehicles and equipment that will mitigate the impacts of new residential development to the City's Parks facilities.
66001(a)(2)	Identify the use to which the Fee is to be put.	Acquisition of land and development of parks and recreation facilities, the construction of community centers and vehicles and equipment.
66001(a)(3)	Demonstrate how there is a reasonable relationship between the Fee's use and type of development project on which the Fee is imposed.	New residential development in the City will generate additional residents, thereby increasing the need for parks and recreational facilities. Park and recreational facilities and community centers, along with vehicles and equipment used to provide these services will have to be expanded or constructed to meet this increased demand and maintain the same level of service to the City.
66001(a)(4)	Demonstrate how there is a reasonable relationship between the need for the public facilities and type of development project on which the Fee is imposed.	The additional residents from new development will impact demand for parks and recreational facilities. New parks and recreational facilities and community centers are needed to mitigate the impacts of the additional residents. If additional park and recreational facilities are not constructed, then the level of service will decline and the overall quality of life for residents in the City will suffer.
66001(b)	Demonstrate how there is a reasonable relationship between the amount of the Fee and cost of the public facility.	The parks facilities fee is based on the cost to provide park and recreational facilities, land, vehicles and equipment and community centers. The fee is based on the cost to provide new materials at the same levels as provided to existing residents.

E.2 Calculation Methodology

Park DIFs in this study have been calculated utilizing the standards-based LOS methodology introduced in Section V. The City currently has 0.64 acres of parks per 1,000 residents. According to the 2020 Daly City Parks and Open Space Master Plan, Chapter 16.30 of Title 16 of the Municipal Code provides that new subdivision development shall dedicate land for park and recreational facilities in the amount of 3.0 acres per 1,000 residents or pay the equivalent amount of fees in lieu of such dedication. The City currently has 65.40 acres of parkland, as shown in the table below.

Table 48: Daly City Parks and Recreation Land Inventory by Acres [1]

Park and Recreation Inventory [2]	Acres
Erlinda Tiongco Galeon Tot Lot	0.1
Arden Park	0.4
Bayshore Heights Park	3.8
Broderick - Terry Duel Site	3.3
Camelot Park	0.4
Cameo Tot Lot	0.3
Canterbury Park	0.1
Dan Gilbrech Park	0.6
David R. Rowe Park	3.6
Edgewood Park	1.1
Gellert Park	20
Hampshire Park	0.4
Hillside Park	5.9
John Daly Tot Lot	0.2
Lincoln Park	2.0
Longview Park	0.3
Lycett Park	0.6
Marchbank Park	5.3
Mission Hills Park	0.9
Northridge Park	0.8
Norwood Tot Lot	0.2
Palisades Park	1.2
Polaris Tot Lot	0.2
Skate Park	0.2
Westlake Park	13.5
Total	**65.40**

Notes:

1. Source: Daly City.
2. This table lists the Park and Recreation Land Inventory for the City. The recreational facilities for each of these parks are presented in Appendix B.

The methodology of this Fee Study involves calculating the park facilities demand generated by each residential unit. Specifically, this demand is expressed in terms of potential hours of park and open space usage associated with the new residents created by future development.

The standards-based methodology (LOS) ensures that City facilities are appropriately developed and sized so that future residents do not cause a reduced LOS by unduly burdening the infrastructure system, thus leading to decay and deterioration. This methodology provides several advantages, including not needing to know the size or cost of a specific facility. Another advantage of this methodology is that it does not involve the planning of any future facilities. This methodology assigns 100% of

the Fees to new development and allows the City to apply the Fee revenue to any Fee-eligible project.

The AB 1600 Mitigation Fee Act authorizes a local government agency to impose fees on specific development projects to defray the cost of new or additional public facilities that are needed to serve those developments. The Mitigation Fee Act establishes a variety of requirements to ensure local agencies timely use the fees to pay for the public facilities that serve those very developments rather than divert the fees for general revenue purposes. In fact, the Mitigation Fee Act prohibits a local government agency from levying, collecting, or imposing development mitigation fees for general revenue purposes (Gov't Code § 66008).

Using the City's Park Standard of 3.0 acres per 1,000 residents and employing the concept of an EBU, DTA links the demand for park facilities (per residential dwelling unit for each land use type) to the acreage of parkland needed to be developed and improved to satisfy this level of demand. By adding the specified acreage of parks and open space facilities based on the demand resulting from new development, the City can meet the requirements of its Future Park Standard.

To determine a fair and accurate land acquisition cost, DTA utilized the CoStar Real Estate Software Platform and created a comparable land inventory of six undeveloped properties ranging from 1.0 acres to 16.0 acres in and around the City. Each of the properties in the inventory were sold between 2018 and 2021 and an average of the sales prices was determined. Based on this inventory, DTA used the average of $1,404,585 per acre as an estimated cost of land acquisition. An inventory listing the subject properties is presented in **Appendix B**.

DTA calculated the estimated costs of parks construction and improvements, net of park grants/funding the City has already received. Costs to improve parks may include construction and installation costs for park improvements or equipment, as well as design, engineering, and project management costs. In working with City staff, DTA determined that the cost for Park Development was $757,835 per acre. Combined, the cost per acre, including land and development, is $2,162,420 per acre as indicated in **Table 49 below**.

Table 49: Daly City Parks and Recreation Total Costs by Acres.

Category	Cost per Acre
Land Acquisition	$1,404,585
Park Development	$757,835
Total Cost per Acre	**$2,162,420**

Notes:

1. Land costs of $1,404,585 are lower than the land costs of $2,365,282 per acre used in the other fee categories due to the exclusion of two small properties.

The land inventory that was originally examined included two additional undeveloped properties that were under 1.0 acres. In consultation with City staff, DTA removed the two properties from the land inventory. The two 0.46-acre and 0.66 acre properties were intended for commercial and department development and were deemed too small and impractical. In addition, the cost per acre was too prohibitive for the development of an additional park. The inclusion of these two small properties would have increased the average land cost to $2,365,282 per acre (which is the per acre land cost used in the other fee categories in this Study) and would generate a higher than acceptable fee based on an inflated average cost per acre.

Once the costs were calculated, DTA then proceeded to allocate the costs among the various land use types according to the total demand generated by each category of new development. Total Park facilities demand for each land use type is given by the EBUs associated with the land use type, multiplied by the projected number of dwelling units or thousand square feet of new development through 2043 for the category.

In this Fee Study, demand for Park and Recreation facilities is quantified in terms of hours per week of potential park facilities usage. The hours per week of potential benefit are calculated per individual (working/non-working resident) and, by extension, per unit of development (i.e., residential dwelling unit). Detailed calculations of potential park facilities usage hours, and the conversion of hours to EBUs for each land use class.

E.3 Level of Service (LOS)

As stated earlier in Section III, in September of 2021 the Governor of California signed AB 602, which provides new Statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these new requirements is that, when applicable, a Nexus Study shall identify the existing LOS for each public facility, identify the proposed new LOS, and include an explanation of why the new LOS is necessary. As indicated earlier in this section, the City's current park ratio is 0.645 acres per 1,000 residents. Therefore, to maintain the 3 acres per 1,000 residents per the City's Parks and Open Space Master Plan, there would be an increase in LOS above and beyond the current LOS.

E.4 Offsetting Revenue

In calculating DIFs, it is important to consider any offsetting revenue in the Park Facilities calculation total, as any existing account balance or other offsetting funds must be subtracted from the facilities cost total. As of the end of March 2024, the City had a negative balance of $1,291,219 in its current Administration account that will need to be funded from future DIF revenue. A negative balance would not count as an offsetting balance in the Fee calculation.

E.5 Calculations and Assumptions

The Park facilities demand (i.e., EBU) is based on the projected population growth resulting from new development. As shown in the table below, new development is anticipated to add 9,481 new dwelling units to the City. Next, the Park facilities demand (i.e., the EBUs) are converted to EBUs in order to quantify the level of benefit in proportion to a single-family residential dwelling unit, such that the ratio of EBUs per single-family unit is 1.0. A detailed description of this calculation is presented in Appendix A. As indicated in **Table 50** below, multiplying the number of projected residential units (9,481) by the average household size (2.98) yields a total anticipated population of 28,220 (i.e., total EBUs).

Table 50: Total Parks and Recreation Facilities Created by New Development

Land Use Categories	Avg. Household Size per Unit	Units	Total Population (EBUs)
Residential	2.98	9,481	28,220
Total		9,481	28,220

*Note: Numbers may not sum due to rounding.

The City's desired park ratio of 3.0 acres per 1,000 residents, i.e., 0.003 acres per resident, which the City intends to use as its park standard for future development ("Future Park Standard"), is used to satisfy the demand created by new development. As stated in Section IV and above in **Table 50**, the new development will generate an additional 28,220 residents. Therefore, the City requires a total of 84.66 additional acres to maintain the desired LOS. This is presented below in **Table 51**.

Table 51: Total Acres to Meet Future Parks and Recreation Standard

Land Use Categories	Total EBUs	Park Standard	Total Acres Required
Residential	28,220	0.003	84.66
Total		0.003	84.66

Note:

1. Due to rounding, totals may not sum.

E.6 Fee Calculation Methodology

After determining that the City requires a total of 84.66 acres of new Park and Recreation facilities to meet the Future Park Standard and satisfy the demand created by new development, DTA proceeded to calculate the amount of funding needed to pay for the required acreage of new facilities. **Table 52** presents the total costs of new park facilities (i.e., development and construction costs which equals approximately $183,069,397 in projected facility expenditures necessary to meet the Future Park Standard for new development). Notably, 100% of the Park and Recreation facilities costs will be allocated to new development as such facilities would satisfy the Future Park

Standard and do not reflect any unmet needs or deficiencies pertaining to existing development. An advantage of this methodology, as stated in Section VI, is that it does not involve the planning of any future facilities. This methodology assigns 100% of the Fees to new development and allows the City to apply the Fee revenue to any Fee-eligible project.

Table 52: Financing Required to Meet Future Parks and Recreation Standards

Facility Type	Number of Acres Required	Cost per Acre	Facilities Cost
Parks Development Facilities	84.66	$2,162,420	$183,069,397
		Less: Offsetting Revenues	-
		Net Cost of Facilities	**$183,069,397**

Note:

1. Due to rounding, totals may not sum.

E.7 Parks and Recreation Facilities Fee Calculations

Based on data presented in Section IV, the total number of residential units resulting from new development is 9,481. Dividing the net cost of facilities (i.e., the revenues to be generated by the Park Fee program) over 9,481 projected units yields an allocation cost of $19,309 per unit, as shown below.

Table 53: Cost Allocation per Unit

Net Cost of Facilities	Total Cost Allocated to New Development	Residential Units	Cost per Unit [1]
$183,069,397	100%	9,481	$19,309

Note:

1. Due to rounding, totals may not sum.

As discussed in Section III, per the directive of AB 602, for residential housing development projects, Nexus Studies adopted after July 1, 2023, will no longer to be imposed on a per unit basis and will instead be calculated based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate. To determine the Fee per sq. ft., the cost allocated to new development ($183,069,397) was divided by the total anticipated residential square feet (20,376,679), resulting in a DIF for Park facilities of $8.98 per square foot.

Table 54: Parks and Recreation Costs Financed by Fees Summary per Residential Land Use Category

Land Use Type	EDUs per Unit	Number of Projected Units	Conversion Factor	Total EDUs
Residential	1.00	9,481		9,481
Total Residential		**9,481**	*[a]*	9,481
		Total Cost per EDU	*[b]*	$19,309
		Total Fees	[c] = [a] x [b]	$183,069,397
		Total Residential Sq. Ft.	[d]	20,376,679
		Total Cost per Residential Sq. Ft.	[e] = [c]/[d]	**$8.98**

E.8 Proposed Fees

The proposed Park Fee amounts are summarized in **Tables 55 and 56** below and presented in detail in **Appendix B**.

Table 55: Park and Recreation Cost Allocation by Land Use Type

Land Use Categories	EBUs per Unit	Cost Allocation per Sq. Ft.	New Development in Units	Cost Financed	% Cost Financed
Residential	1.00	$8.98	9,481	$183,069,397	100.0%
			Total	**$183,069,397**	**100.0%**

Park and Recreational Facilities DIFs for residential development are summarized in the table below at $8.98 per square foot. The Fees generated within this Fee Study reflect the maximum justifiable DIFs that may be imposed by the City under the statutory requirements of Government Code Section 66000 *et. seq.* The City is free to charge any amount up to that maximum level. It's important to note that had the fees have also been calculated using the alternative per acre land cost scenario of $2,365,282 discussed earlier, the resulting DIF would have been $12.98 per acre.

Table 56: Parks and Recreation Facilities Fee Summary

Land Use	Fees per Sq. Ft. [1] [2]
Single-Family (per Sq. Ft.)	$8.98
Multi-Family (per Sq. Ft.)	
Mobile Home (per Sq. Ft.)	

Note:

1. Proposed DIF per square foot based on a per acre land costs of $1,404,585
2. Alternative DIF based on a per acre land cost of $2,365,282 would result in a DIF of $12.98 per square foot

E.9 Administrative Fee (Optional)

Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs, including the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

E.10 DIF Annual Cost Escalation Recommendations

The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development. As the DIFs proposed in this Fee Study are based on Future Facilities costs in 2024 dollars, it is appropriate for the City to apply an annual escalator to these Fee levels to account for inflation in acquisition and construction costs. DTA further recommends that, after adoption, the above impact fees should be reviewed each year and include a provision for an annual adjustment based on the current CCCI. This CCI is based upon the BCI cost indices average for San Francisco as produced by ENR.

F Transportation

F.1 Transportation Facilities

The City's goal is to provide safe and efficient vehicular access throughout the City by improving Transportation facilities impacted by new development. Improvements to Transportation facilities focus on but are not limited to traffic signals, street lights, and pavement. The proposed DIF is to help meet the Transportation demand of new development through 2043. The City identified the need for the Transportation infrastructure and equipment, as shown below in **Table 57**.

The DIF will provide a source of revenue to the City to allow for the acquisition, installation, and construction of needed Transportation Facilities, which in turn will both preserve the quality of life in the City and protect the health, safety, and welfare of the existing and future residents and employees. Transportation Fees will be calculated using the Plan-based approach discussed in Section V.

Table 57 below illustrates how the transportation fee will meet the requirements of AB 1600 with regard to use of fees, type of development funded or partially funded by the Fee revenue, reasonable relationship to the need for facilities, and proportionality requirements.

Table 57: Transportation Facilities

AB 1600 Code Section	Description	Justification
66001(a)(1)	Identify the purpose of the Fee.	Provide a revenue source that will provide funds to construct various transportation projects including ADA improvements, street lights, traffic signals, school safety improvements, sidewalks, crosswalks, and other infrastructure that will mitigate the impacts of new development on the City's circulation system.
66001(a)(2)	Identify the use to which the Fee is to be put.	Fund or partially fund the construction of ADA improvements, traffic signals, street lights, crosswalks, sidewalks, and other projects within the City limits.
66001(a)(3)	Demonstrate how there is a reasonable relationship between the Fee's use and type of development project on which the fee is imposed.	New residential and non-residential development will generate additional traffic on City streets. The Fee revenue will be used to construct new transportation projects upon which new residents and employees will travel. A Fee imposed on new residential and non-residential development is a reasonable method for mitigating the impacts of such new development and any resulting increase in LOS above and beyond the current LOS that is required to meet the plan approved by the City.
66001(a)(4)	Demonstrate how there is a reasonable relationship between the need for the public facilities and type of development project on which the Fee is imposed.	The additional traffic volumes generated by new development will impact current levels of congestion. New traffic signals, crosswalks, street lights and other additions and expansions are needed to mitigate the impacts of the increased traffic volumes. If the proposed projects are not constructed in concert with new development, the City's circulation system will experience higher traffic volumes and increase the level of congestion to a condition well below City standards.
66001(b)	Demonstrate how there is a reasonable relationship between the amount of the Fee and cost of the public facility.	Project costs are allocated to new development based on the percentage of traffic volume generated by new development to the total traffic volume at build-out. The specific fee imposed on the various land uses are based on the relative trip generation rate as compared to a residential unit (baseline rate or EDU factor).

Identification of the facilities to be financed is a critical component of any DIF program. In the broadest sense, the purpose of DIFs is to protect public health, safety, and general welfare by providing Transportation facilities. The City has provided DTA with the Facilities Needs List to be included in the Fee Study. For the purposes of the City's DIF program, the Facilities Needs List is intended to be the official public document identifying the facilities eligible to be financed, in whole or in part, through the levy of a DIF on new development within the City. The Needs List is organized by facility element (or type) and includes cost information, as outlined in **Table 58** below.

The facilities included are provided by the City and reflect either the City's goals of maintaining and improving a specific area or are part of a more formal policy document, such as a General Plan, CIP, etc. Specific estimated facility costs are provided by the City and used as a basis for determining the allocation of revenues between new and existing developments.

The table below outlines the proposed facilities and respective costs along with any offsetting revenues. The list of Transportation facilities is included below and in **Appendix B**. The cost estimates for the Transportation category were provided by the City and based on the City's CIP.

Table 58: Transportation Facilities Costs [1]

Transportation Facilities	Facility Costs
Annual ADA/Sidewalk Improvements	$60,000,000
Traffic Signals	
Clarinada Ave./SR 1 on/off ramps Traffic signal installations	$877,823
Lake Merced Blvd./Southgate Ave. Traffic signal Installation	$750,000
Serramonte Blvd./SR1 on/off ramps Traffic signal installation	$866,393
Traffic Signals/Street Light Improvements	$1,675,000
Street Lights	
RO 256 Palisades Streetlight conversion	$2,560,000
RO 408 Serramonte Streetlight conversion	2198000
RO 411 Skyline Streetlight conversion	$2,084,000
RO 450 Westlake Streetlight conversion	$2,698,000
RO 460 Northridge Streetlight conversion	$1,884,000
Improvements	
Bayshore and Woodrow Wilson Safe Routes to School	$3,395,661
Crocker Ave. sidewalk	$5,530,000
Crosswalk Improvements	$990,000
Geneva Ave. Lane Signs Replacement	$335,000
Geneva Ave. Streetscape	$7,200,000
Geneva Bayshore Traffic Signal Modification	$1,095,000
Green Streets Project (Beyond 2027)	$5,846,000
Green Streets Project Mission Street	$1,740,000
Hillside Blvd. Reconstruction	$2,295,000
John Daly Blvd./I-280 Overpass Widening/Foot Bridge	$19,532,000
John Daly Blvd./RTE 35 Bicycle Access	$2,525,000
John Daly Blvd./Skyline Blvd. Intersection Safety Improvements	$326,000
John Daly Overpass Bike/Ped. Masterplan Improvements	$2,647,000
Junipero Serra Blvd. Street Improvements	$450,000
Mission Street Grand Blvd.	$14,430,000
Mission Street Transit Hub and Bus Shelter and Painting LED Lighting Upgrade	$150,000
Southgate Ave. and School St. Improvements	$569,000
Vision Zero Improvements	$1,015,000
School Safety Improvements	$8,000,000
Transportation Facilities Subtotal	$153,663,877
Offsetting Revenue	**($1,459,553)**
Transportation Facilities Total	$152,204,324

Note:

1. Detailed descriptions of these projects are presented in **Appendix B**.

Transportation DIFs were calculated for each of the six (6) land use categories based on the number of ADTs generated by each land use. ADTs are published by the ITE Publication "10th Edition Trip Generation Manual." The ADT generation rates are per dwelling unit (for residential units), daily trip generation per 1,000 building square feet of each category of non-residential development, and per room for hotels. Per the ITE, a trip or trip end is a single or one-direction person or vehicle movement with either the origin or the destination (existing or entering) inside a study site. In technical terms, a trip has an origin and a destination at its respective ends (known as trip ends). Each trip end is part of a trip. For trip site generation, the focus is the trips entering and exiting a single site. Specifically, ADTs are the total number of trips, both inbound and outbound, within a 24-hour weekday period, generated by a particular use or development. In the case of industrial development ADTs are adjusted by a passenger-car per truck conversion rate to account for the extra wear and tear due to the large number of multi-axle commercial vehicles.

All proposed Transportation facilities were sized to meet the needs of both existing and future residents and employees. Therefore, the costs of these facilities have been allocated between existing development and new development based on their percentage of build-out EBUs. As illustrated below in **Table 59**, 79.99% of the costs will be allocated to existing development and 20.01% of the costs will be allocated to new development. Based on this allocation between new and existing development, $30,454,456 of the $152,204,324 in Transportation facilities costs would be funded by DIFs imposed on new development. The remaining $121,749,867 must be funded through other sources to be determined by the City.

Table 59: Transportation Facilities Cost Allocation Summary [1]

Development Type	ADTs	Percentage Allocated	Facility Cost Allocation
Existing Development	362,371	79.99%	$121,749,867
New Development	90,643	20.01%	$30,454,456
Total	**453,014**	**100.00%**	**$152,204,324**

Note:

1. May not sum due to rounding.

F.2 Offsetting Revenues

According to City staff, there are offsetting revenues that need to be considered in the Transportation calculation total. As of the end of March 2024, the City had $1,459,553 in its current Transportation account that needed to be subtracted from the facilities cost total. This is reflected in **Table 58**.

F.3 Level of Service (LOS)

As stated earlier in Section III, in September of 2021, the Governor of California signed AB 602, which provides new Statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these new requirements is that, when applicable, a Nexus Study shall identify the existing LOS for each public facility, identify the proposed new LOS, and include an explanation of why the new LOS is necessary.

LOS for streets and intersections is commonly defined in terms of LOS categories "A" through "F," as defined in the Highway City Manual published by the Transportation Research Board. According to the Circulation Element in the 2030 Daly City General Plan, adopted March 2013 and revised March 2015, traffic at the City's intersection is measured by a LOS standard that grades intersection performance on an "A" through "F" scale. This LOS measurement is calculated by summing the average delay for vehicles in each lane for all intersection approaches. As identified in Task CE-1-6 of the Circulation Element of the City's General Plan, the City employs a LOS "D" standard intended primarily to determine impacts of new land uses on the City's roadway network and the intersection improvements that may need to occur as a result. This standard requires that a minimum LOS "D" be maintained at all principal intersections. The morning and evening peak traffic conditions occur between 7:00 a.m. and 9:00 a.m., and 4:00 p.m. and 7:00 p.m., respectively.

The Circulation Element in the 2030 Daly City General Plan identifies and itemizes all existing and planned facilities necessary to provide required service to the City and also outlines the criteria used to design a system needed to serve both existing and future development. The portion of the Fee associated with existing transportation facilities represents the current LOS that would be applied to new development. Notably, the Future Facilities have been identified by the City (in its CIP) as facilities required to serve both new and existing development. Therefore, any increase in LOS above and beyond the current LOS would be an increase required to meet the plan approved by the City.

F.4 Calculation Methodology

To calculate the DIFs, DTA first determined the number of ADTs expected through 2043 based on the expected residential and non-residential growth in the City. The analysis estimates that a maximum of 90,643 additional ADTs would be generated by the land use growth, as detailed in **Table 60** below. In this section, ADTs are used instead of EDUs, and as explained in Section V, they are calculated the same way that EDUs were calculated in each of the previous sections. These calculations are presented in detail in **Appendix A**.

Table 60: Projected Number of Trip Calculations

Land Use Type	Projected Development (Units)	Projected Development (Square Feet)	ADT Generation Rate [1]	Total ADTs (EBUs)
Residential	9,481		6.38	60,489
Hotel	62		4.02	248
Commercial/Retail		1,304,451	20.55	26,806
Office		312,163	1.28	400
Industrial		291,353	5.06	1,473
Institutional		141,171	8.69	1,226
			Total	**90,643**

Note:

1. Projected ADTs per unit for residential, per lodging unit for commercial lodging, and per 1,000 square feet for non-residential.

Table 61 presented below summarizes the cost per ADT, which is generated by dividing the cost to new development of $30,454,456 by the number of ADTs that will be generated by new development 90,643. When accounting for the increased planned ADTs in the City, the cost per ADT totals $336 as shown in the table below. The cost per ADT ($336) was then applied to the various land uses and their respective ADT trip generation rates to determine the proposed Transportation DIFs.

Table 61: Cost per Average Trip Estimate

Proposed Facilities Costs	Total
Cost Allocated to New Development	$30,454,456
Total Trips Added by New Development	90,643
Cost Per Trip	**$336**

Note:

1. May not sum due to rounding.

F.5 Transportation Facilities Fee Calculation

As discussed in Section III, per the directive of AB 602, for housing development projects, Nexus Studies adopted after July 1, 2022, will no longer be on a per unit basis and will instead be calculated based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate.

The residential Fee per sq. ft. was determined by first multiplying the cost per EBU of $339 by the total number of residential EBUs (60,489), resulting in the total amount funded from residential property of $20,323,229. This result was then divided by the total anticipated residential square feet (20,376,679), to generate the residential Fee per square foot of $1.00. Details of this calculation are shown in the table below.

Table 62: Transportation Costs Financed by Fees Summary per Residential Land Use Category [1]

Land Use Type	ADTs per Unit	Number of Projected Units	Calculation	Total EBUs [2]
Residential	6.38	9,481		60,489
Total Residential		**9,481**	[a]	60,489
		Total Cost per EBU	*[b]*	$336
		Total Cost Finance by Residential Fees	[c] = [a] x [b]	$20,323,229
		Total Residential Sq. Ft.	[d]	20,376,679
		Total Cost per Residential Sq. Ft.	[e] = [c]/[d]	**$1.00**

Notes:

1. Numbers may not sum due to rounding.
2. ADTs (6.38) x number of projected units (9,481) = Total (60,489).

Similarly, the Fee per lodging room and Fee per 1,000 sq. ft. of non-residential development was determined by multiplying the cost per EBU of $336 by the total number of non-residential EBUs applicable with each land use type. The table below summarizes the Fee amounts per room and per 1,000 square feet, as well as the total cost financed by Fees imposed on non-residential land uses.

Table 63: Transportation Costs Financed by Fee Summary per Non-Residential Land Use Category [1]

Land Use Type	EBUs per Unit/Non-Res. Sq. Ft.	Residential Fee per Unit/per 1,000 Non-Res. Sq. Ft. or per Room	Number of Projected Units/Non-Res. Sq. Ft.	Costs Financed by Fees
Conversion Factor	[a]	[b] = [a] x EDU	[c]	[e] = [c] x [b]
Hotel	4.02	$1,351	62	$83,481
Commercial/Retail	20.55	$6,904	1,304,451	$9,006,470
Office	1.28	$431	312,163	$134,510
Industrial	5.06	$1,698	291,353	$494,829
Institutional/Other	8.69	$2,918	141,171	$411,938
			Total	**$10,131,227**

Note:

1. Numbers may not sum due to rounding.

F.6 Proposed Fes

The proposed Transportation Fee amounts are summarized in **Table 64** below. The fees recommended within this Fee Study reflect the maximum justifiable fee level that may be imposed on new residential development by the City under the statutory requirements of Government Code Section 66000 *et. seq.*

Table 64: Transportation Facilities Costs Financed by Fees Summary per Land Use Category

Land Use Type	Residential/Non-Residential Fee per 1,000 Sq. Ft./Lodging Room	Number of Projected Res Sq. Ft./Non-Res. Sq. Ft/Lodging Rooms	Costs Financed by Fees
Single-Family	$1.00	9,481	$20,323,229
Multi-Family			
Mobile Home			
Hotel	$1,351	62	$83,481
Commercial/Retail	$6,904	1,304,451	$9,006,470
Office	$431	312,163	$134,510
Industrial	$1,698	291,353	$494,829
Institutional/Other	$2,918	141,171	$411,938
Total Cost Financed by Non-Residential Fees			**$30,454,456**

Transportation Facilities DIFs for residential and non-residential development are summarized in the table below.

Table 65: Transportation Facilities Fee Summary

Land Use	Calculated Fees
Single-Family Residence	$1.00 per Sq. Ft.
Multi- Family Residence	
Mobile Home	
Hotel	$1,351 per room
Commercial/Retail	$6.90 per Sq. Ft.
Office	$0.44 per Sq. Ft.
Industrial	$1.70 per Sq. Ft.
Institutional/Other	$2.92 per Sq. Ft.

F.7 Administrative Fee (Optional)

Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs, including the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

F.8 DIF Annual Cost Escalation Recommendations

The DIFs recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development. As the DIFs proposed in this Fee Study are based on Future Facilities costs in 2024 dollars, it is appropriate for the City to apply an annual escalator to these fee levels to account for inflation in acquisition and construction costs. DTA further recommends that, after adoption, the above impact fees should be reviewed each year and include a provision for an annual adjustment based on the current CCCI. This CCI is based upon the BCI cost indices average for San Franscisco as produced by ENR.

G Water Fees

G.1 Water Facilities (Nexus Requirement AB 1600)

DTA's estimates of new development and increased water demand by the City has provided the basis for calculating the Water Facilities Fee. The need for water facilities improvements is based on the water demand placed on the system by development. In this Fee Study, DTA has determined that a reasonable measure of demand is the flow generation rate, expressed as the number of gallons per day generated by a specific type of land use, both residential and non-residential. Flow generation rates are assumed to be a reasonable measure of demand on the City's system of water improvements because they represent the average rate of demand that will be placed on the system per land use designation. The Water facilities category includes those facilities used by the City to provide basic water supply and distribution services to residents and employees within the City.

Table 66 below illustrates how the water facilities fee will meet the requirements of AB 1600 with regard to use of Fees, type of development funded or partially funded by the Fee revenue, reasonable relationship to the need for facilities, and proportionality requirements.

Table 66: Water Facilities Nexus Requirement

AB 1600 Code Section	Description	Justification
66001(a)(1)	Identify the purpose of the Fee.	Provide a revenue source to pay for construction of water projects including pump stations, reservoir infrastructure, wells, and equipment that will mitigate the impacts of new development on the City's Water facilities.
66001(a)(2)	Identify the use to which the Fee is to be put.	Fund or partially fund the construction of water projects such as pump stations, reservoir infrastructure, wells, and other equipment within the City limits
66001(a)(3)	Demonstrate how there is a reasonable relationship between the Fee's use and type of development project on which the Fee is imposed.	New residential and non-residential development in the City's Water Service Area will generate additional residents and employees who will increase the demand for water facilities. Water fees collected from new development will be used exclusively for construction-related costs associated with these projects New water infrastructure is needed to deliver water to new residents and employees. Fees imposed on new residential and non-residential development is a reasonable method for mitigating the impacts of such new development and any resulting increase in LOS above and beyond the current LOS that is required to meet the plan approved by the City.
66001(a)(4)	Demonstrate how there is a reasonable relationship between the need for the public facilities and type of development project on which the Fee is imposed.	Residential and non-residential growth within the City's Water Service Area will increase the demand for potable water. In order to meet this demand at the current LOS or more, the City will need to expand their potable water system to mitigate the impacts of new development in the Water Service Area.
66001(b)	Demonstrate how there is a reasonable relationship between the amount of the Fee and cost of the public facility.	The cost of the proposed potable water facilities is based on increased demand for potable water from new development. Project costs are allocated to new development based on the percentage of relative water demand from new development as compared to total service area demand. The Fees for each land use is based on the relative potable water demands among the various land uses for new development.

Notably, for Water facilities, the City has provided DTA with a Needs List. Please refer to Section V for details on the Needs List. **Table 67** below provides a summary of the Needs List. The facilities costs presented below are based on estimates provided by the City.

Table 67: Summary Water Facilities Costs

Water Facilities	Facility Cost
Citrus Pump Station Generator Replacement	$3,200,000
Citrus Pump Station Replacement	$22,000,000
Equipment Vehicles	$245,000
Hydropneumatics Tank Replacements	$210,000
New Well at Reservoir 5B on Margate	$6,600,000
Plant Improvements	$2,850,000
Pointe Generator Replacement	$575,000
Reservoir 3 Rehabilitation	$1,950,000
Reservoir 5b Structural Rehabilitation	$2,150,000
Reservoir 7 Replacement	$2,250,000
Reservoir Fencing	$300,000
SCADA systems Upgrades	$450,000
Street Resurfacing Water Mains	$1,000,000
Vale Well Replacement	$3,000,000
Well Rehabilitation	$550,000
Water Facility Master Plan	$250,000
Reservoir 8 Interior Coatings	$600,000
Westlake Electrical Upgrade	$380,000
Water Main Improvements	$2,000,000
Pressure Reducing Vale Replacements	$300,000
Water Facilities Subtotal	**$50,860,000**
Offsetting Revenues	($2,665,881)
Total	**$48,194,119**

G.2 Offsetting Revenues

According to City staff, there are offsetting revenues that need to be considered in the Water facilities calculation total. As of the end of March 2024, the City has $2,665,881 in its current Water facilities account that must be subtracted from the facilities cost total. This is reflected in **Table 67**.

G.3 Level of Service (LOS)

As stated earlier in Section III, in September of 2021 the Governor of California signed AB 602, which provides new Statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these new requirements is that, when applicable, a Nexus Study shall identify the existing LOS for each public facility, identify the proposed new LOS, and include an explanation of why the new LOS is

necessary. This section looks at the LOS for Water facilities, a system that involves several considerations related to water supply, gallons per day, water quality, storage capacity, water pressure, and Citywide reliability.

The City's 2020 Urban Water Management Plan Update identifies and itemizes all existing and planned facilities necessary to provide required service to the City and also outlines the criteria used to design a system needed to serve both existing and future development. The portion of the Fee associated with existing Water facilities represents the current LOS that would be applied to new development. Notably, the future facilities have been identified by the City (in its CIP) as facilities required to serve both new and existing development. Therefore, any increase in LOS above and beyond the current LOS would be an increase required to meet the plan approved by the City.

G.4 Calculation Methodology

Water Fees were calculated for each of the six (6) land use categories based on the water usage, measured in terms number of gallons per day ("GDP"), (i.e., the EBU factor, see Section V) generated by each land use. Total GPDs were calculated by applying these water usage rates to the various dwelling unit counts and non-residential square feet identified in Section IV of this Fee Study. As discussed in Section V, flow generation rates (i.e., gallon per day per acre) for residential units and non-residential development are published in the City's Urban Water Management Plan.

All proposed Water facilities were sized to meet the needs of both existing and future residents and employees. Therefore, the costs of these facilities have been allocated between existing development and new development based on their percentage of build-out EBUs. As illustrated below in **Table 68**, 78.81% of the costs will be allocated to existing development and 21.19% of the costs will be allocated to new development. Based on this allocation between new and existing development, $10,210,314 of the $48,194,119 in Water facilities costs would be funded by the Fee imposed on new development. The remaining $37,983,805 must be funded through other sources to be determined by the City.

Table 68: Water Facilities Cost Allocation Summary

Development Type	Percentage Allocated	Facility Cost Allocated
Existing Development	78.81%	$37,983,805
New Development	21.19%	$10,210,314
Total	**100.00%**	**$48,194,119**

*Note: Some figures may not sum due to rounding.

To determine the Water Fees, DTA calculated the number of GPDs expected through 2043 based on the expected residential and non-residential growth in the City. As

shown in **Table 69** below, the analysis estimates that a maximum of 1,412,005 additional GPDs would be generated by land use growth.

Table 69: Water Usage by Land Use

Land Use Type	Projected Development (Units/Sq. Ft.)	Water Usage Rate [1]	Total GPDs
Residential	9,481	128	1,213,576
Hotels	62	94	5,810
Commercial	1,304,451	94	122,618
Office	312,163	94	29,343
Industrial	291,353	94	27,387
Institutional	141,171	94	13,270
		Total	**1,412,005**

Note:

1. Projected GPDs per unit for residential and per 1,000 Square Feet and per hotel room for non-residential.

Table 70 presented below summarizes the cost per 1,000 GPDs (please note, per 1,000 GPDs is used to avoid rounding significant figures), which is generated by dividing the cost to new development of $10,210,314 by the number of GPDs that will be generated by new development (1,412,005) and multiplying by 1,000. When accounting for the 1,412,005 planned GPDs in the City, the cost per GPD totals $7,231, as shown in the table below. This cost was then applied to the various land uses and their respective GPD generation rates to determine the proposed Fee.

Table 70: Cost per GPD

Proposed Facilities Costs	Calculation	Total
Cost Allocated to New Development	[a]	$10,210,314
Total GPDs Added by New Development	[b]	1,412,005
Multiplier	[c]	1,000
DIF Cost Per 1,000 GPDs	([a]/[b]) x [c]	$7,231
Total Cost per EBU	**[c] / 1,000**	**$7.23**

G.5 Water Facilities Fee Calculation

As discussed in Section III, per the directive of AB 602, for housing development projects, Nexus Studies adopted after July 1, 2022, will no longer be on a per unit basis and instead be calculated based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate.

The residential Fee per sq. ft. was determined by first multiplying the cost per EBU of $7.23 by the total number of residential EBUs (1,213,576), resulting in a total amount

funded from residential property of $8,775,459. This result was then divided by the total anticipated residential square feet (20,376,679) to generate the Fee per square foot of $0.43. Details of this calculation are shown in the table below.

Table 71: Water Facilities Costs Financed by Fees Summary per Residential Land Use Category

Land Use Type	GPDs per Unit	Number of Projected Units	Calculation	Total GPDs
Residential	128	9,481		1,213,576
Total Residential		9,481	[a]	1,213,576
		Total Cost per EBU	*[b]*	$7.23
		Total Fees	[c] = [a] x [b]	$8,775,459
		Total Residential Sq. Ft.	[d]	20,376,679
		Total Cost per Residential Sq. Ft.	[e] = [c]/[d]	**$0.43**

Similarly, the non-residential Fee per 1,000 sq. ft. was determined by multiplying the cost per EBU of $7.23 by the total number of non-residential EBUs applicable with each land use type. The table below summarizes the Fee amounts per 1,000 sq. ft. and total cost financed by Fees imposed on non-residential land uses.

Table 72: Water Facilities Costs Financed by Fee Summary per Non-Residential Land Use Category

Land Use Type	EBUs per 1,000 Non-Res. Sq. Ft.[1]	Fee per 1,000 Non-Res. Sq. Ft..	Number of Projected Non-Res. Sq. Ft.	Costs Financed by Fees
	[a]	[b] = [a] x EBU	[c]	[e] = [c] x [b]
Hotel	94	$680	62	$42,012
Commercial	94	$680	1,304,451	$886,663
Office	94	$680	312,163	$212,184
Industrial	94	$680	291,353	$198,038
Institutional	94	$680	141,171	$95,957
			Total	**$1,434,855**

G.6 Proposed Fees

The proposed Water Fee amounts are summarized in **Table 73** below. The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development by the City under the statutory requirements of Government Code Section 66000 *et. seq.*

Table 73: Water Facilities Costs Financed by Fees Summary per Land Use Category

Land Use Type	Residential Fee per Sq. Ft./per 1,000 Non-Res. Sq. Ft.	Number of Projected Res Sq. Ft./1,000 Non-Res. Sq. Ft	Costs Financed by Fees
Single-Family	$0.43	20,676,679	$8,775,459
Multi-Family			
Mobile Home			
Hotel	$680	62	$42,012
Commercial	$680	1,304,451	$886,663
Office	$680	312,163	$212,184
Industrial	$680	291,353	$198,038
Institutional	$680	141,171	$95,957
		Total	**$10,210,314**

Water Facilities DIFs for residential and non-residential development are summarized in the table below.

Table 74: Water Facilities Fee Summary

Land Use	Calculated Fees
Single-Family Residence	$0.43 per Sq. Ft.
Multi- Family Residence	
Mobile Home	
Hotel	$714 per room
Commercial/Retail	$0.68 per Sq. Ft.
Office	$0.68 per Sq. Ft.
Industrial	$0.68 per Sq. Ft.
Institutional/Other	$0.68 per Sq. Ft.

G.7 Administrative Fee (Optional)

Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs, including the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

G.8 DIF Annual Cost Escalation Recommendations

The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development. As the DIFs proposed in this Fee Study are based on Future Facilities costs in 2024 dollars, it is appropriate for the City to apply an annual escalator to these Fee levels to account for inflation in acquisition and construction costs. DTA further recommends that, after adoption, the above impact fees be reviewed each year and include a provision for an annual adjustment based on the current CCCI. This CCI is based upon the BCI cost indices average for San Francisco as produced by ENR.

H Sewer Facilities

H.1 Sewer Facilities (Nexus Requirement AB 1600)

The Sewer facilities category includes those facilities used by the City to provide basic sanitary sewer services to residents and employees within the City. These elements consist of downstream collectors conveying wastewater from local drainage areas, such as residential tracts and business parks, to City trunk sewer lines and treatment facilities. These proposed facilities have Citywide benefit by ensuring that there will be sufficient system-wide capacity to collect wastewater from new and existing development by the year 2043. This section of the study takes into consideration existing and future needs to accommodate City population and employees at build-out and addresses the need for expansion of City sewer facilities.

In order to serve future development through General Plan build-out, the City has identified the need for plant structure improvements, a new emergency plant generator, various plant upgrades, and numerous Sewer rehab projects.

Table 75 below illustrates how the Sewer Facilities Fee will meet the requirements of AB 1600 with regard to the use of the Fee, type of development funded or partially funded by the Fee revenue, reasonable relationship to the need for the facilities, and proportionality requirements.

Table 75: Sewer Facilities

AB 1600 Code Section	Description	Justification
66001(a)(1)	Identify the purpose of the Fee.	Provide a revenue source to pay for construction of sewer facilities such as compressors, SCADA systems, generation facilities, sewer mains, lift stations, and equipment that will mitigate the impacts of new development on the City's Water facilities.
66001(a)(2)	Identify the use to which the Fee is to be put.	Revenue from this fee will be used to construct and expand new sewer facilities such as compressors, SCADA systems, generation facilities, sewer mains, lift stations, and equipment that will be used to provide general sewer collection and treatment services.
66001(a)(3)	Demonstrate how there is a reasonable relationship between the Fee's use and type of development project on which the Fee is imposed.	New residential and non-residential development will generate additional residents and employees that will increase the demand for Sewer facilities. Sewer Fees collected from new development will be used exclusively for construction-related costs associated with these projects. Fees imposed on new residential and non-residential development is a reasonable method for mitigating the impacts of new development and any resulting increase in LOS above and beyond the current LOS that is required to meet the plan approved by the City.
66001(a)(4)	Demonstrate how there is a reasonable relationship between the need for the public facilities and type of development project on which the Fee is imposed.	New residential and non-residential development City's Sewer Service Area will generate additional residents and employees that will increase the need to collect and treat sewage generated by such new development. New sewer infrastructure such as compressors, SCADA systems, generation facilities, sewer mains, lift stations, and equipment are needed to collect and treat sewer generated from new development in the City's Sewer Service Area.
66001(b)	Demonstrate how there is a reasonable relationship between the amount of the Fee and cost of the public facility.	The cost of the proposed facilities is based on projected sewer generation from the various land uses. The amount of the fee for each land use is calculated based on the relative contribution of Citywide sewer flow from each land use.

Notably, for Sewer Facilities, the City has provided DTA with the Needs List. Please refer to Section V for details on the Needs List. **Table 76** below provides a summary of the Needs List. This is presented in detail in **Appendix B**. The facility costs presented below are based on estimates provided by the City.

Table 76: Sewer Facilities Needs List

Sewer Facilities	Facility Cost
Headworks 1 fine Screen Replacement	$1,200,000
I-280 crossing Sewer Main Improvements - Southgate to Junipero Sierra	$8,450,000
Plant Aeration Mixer Upgrade	$1,600,000
Plant Compressor Replacement	$500,000
Plant Electrical/Instrumentation Upgrade	$500,000
Plant Process Improvements	$3,300,000
Plant Structure Improvements	$2,425,000
Rehabilitation of 27th Final Effluent Force Main	$300,000
SCADA systems upgrade	$500,000
Sewer Lift Station Rehab/Replace	$1,800,000
Sewer Main Rehabilitation/Improvements	$600,000
SSMP/Master Plan - System Improvements	$21,000,000
Treatment Plant Air Scrubbers	$825,000
Vehicle Upgrades	$160,000
Vista Grande Drainage Basin Improvement Project	$29,000,000
Street Resurfacing Sanitation Mains	$1,100,000
Digester 2 Cleaning	$600,000
New Emergency Plant Generator	$2,000,000
Subtotal	**$75,860,000**
Offsetting Revenues	($58,368)
Sewer Facilities Total	**$75,801,631**

The reasonable relationship used to allocate Sewer costs between existing and future development is relative to wastewater generation. Wastewater generation used in Sewer facilities is directly related to water demand. Interior water usage (excluding landscape irrigation, since it is considered a component of water demand) generally constitutes half (and often times more) of the total water demand for a residential unit.

H.2 Offsetting Revenues

According to City staff, there are offsetting revenues that need to be considered in the Water facilities calculation total. As of the end of March 2024, the City had $58,368 in its current Water facilities account that must be subtracted from the facilities cost total.

H.3 Level of Service (LOS)

As stated earlier in Section III, in September of 2021 the Governor of California signed AB 602, which provides new Statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these new requirements is that, when applicable, a Nexus Study shall identify the existing LOS for each public facility, identify the proposed new LOS, and include an explanation of why the new LOS is necessary. This section looks at the LOS for Sewer facilities to ensure that there will be sufficient system-wide capacity to collect wastewater from new and existing development by the year 2043. The City's 10-year Wastewater System Master Plan prepared in August 2022 identifies and itemizes all existing and planned facilities necessary to provide required service to the City and also outlines the criteria used to design a system needed to serve both existing and future development.

In the City's Wastewater System Master Plan, it states "*The District prepared a wastewater system master plan in 2009. Since then, the District has successfully completed a series of capital improvement plan (CIP) projects that addressed most of the known deficiencies in the collection system. In addition, Daly City completed and updated its 2030 General Plan. With these changes since 2009, the District wanted to update its wastewater system master plan (Plan) to ensure continued conveyance of wastewater to the wastewater treatment plant (WWTP).* " As stated, the City's 2022 Master Plan update identifies and itemizes all existing and planned facilities necessary to provide required service to the City and also outlines the criteria used to design a system needed to serve both existing and future development. The portion of the Fee associated with existing Sewer facilities represent the current LOS that would be applied to new development. Notably, the Future Facilities have been identified by the City (in its CIP) as facilities required to serve both new and existing development. Therefore, any increase in LOS above and beyond the current LOS would be an increase required to meet the plan approved by the City.

H.4 Calculation Methodology

Sewer Fees were calculated for each of the six (6) land use categories based on the wastewater generation, measured in terms number of GDPs, (i.e., the EBU factor, see Section V) generated by each land use. Total GPDs were calculated by applying these wastewater generation rates to the various dwelling unit counts and non-residential square feet identified in Section IV of this Fee Study. As discussed in Section V, flow generation rates (i.e., gallon per day) per for residential units and non-residential development are published in the City's Water System Master Plan.

All proposed Wastewater facilities were sized to meet the needs of both existing and future residents and employees. Therefore, the costs of these facilities have been allocated between existing development and new development based on their percentage of build-out EBUs. As illustrated below in **Table 77**, 78.88% of the costs

will be allocated to existing development and 21.12% of the costs will be allocated to new development. Based on this allocation between new and existing development, $16,008,216 of the $75,801,631 in Sewer facilities costs would be funded by the Fee imposed on new development. The remaining $59,793,414 must be funded through other sources to be determined by the City.

Table 77: Sewer Facilities Cost Allocation Summary

Development Type	Percentage Allocated to New Development	Facility Cost Allocation
Existing Development	78.88%	$59,793,414
New Development	21.12%	$16,008,216
Total	**100.00%**	$75,801,631

Sewer generation is directly related to water demand. Interior water usage (excluding landscape irrigation, since it is considered a component of water demand) generally constitutes half (and often times more) of the total water demand for a residential unit. To determine the Sewer Fees, DTA calculated the number of GPDs expected through 2043 based on the expected residential and non-residential growth in the City. As shown in **Table 78** below, the analysis estimates that a maximum of 630,154 additional GPDs would be generated by the land use growth.

Table 78: Sewer Generation by Land Use

Land Use Type	Projected Development (Units/Sq. Ft.)	Wastewater Generation Rate [1]	Total GPDs
Residential	9,481	56	530,939
Hotel	62	47	2,905
Commercial	1,304,451	47	61,309
Office	312,163	47	14,672
Industrial	291,353	47	13,694
Institutional	141,171	47	6,635
		Total	**630,154**

Note:

1. Projected GPDs per unit for residential and per 1,000 Square Feet for non-residential.

Table 79 presented below summarizes the cost per 1,000 GPDs (note, per 1,000 GPDs is used to avoid rounding significant figures), which is generated by dividing the cost to new development of $16,008,216 by the number of GPDs that will be generated by new development (630,154) and multiplying by 1,000. When accounting for the 630,154 planned GPDs in the City, the DIF cost per GPD totals $25,404, as shown in the table below. This cost was then applied to the various land uses and their respective GPD generation rates to determine the proposed Fee.

Table 79: Cost per GPD

Proposed Facilities Costs	Calculation	Total
Cost Allocated to New Development	[a]	$16,008,216
Total GPDs Added by New Development	[b]	630,154
Multiplier	[c]	1,000
DIF Cost Per 1,000 GPDs	([a]/[b]) x [c]	$25,404
Total Cost per EBU	**[c] / 1,000**	**$25.40**

H.5 Sewer Facilities Fee Calculation

As discussed in Section III, per the directive of AB 602, for housing development projects, Nexus Studies adopted after July 1, 2022, will no longer be on a per unit basis and will instead be calculated based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate.

The residential Fee per sq. ft. was determined by first multiplying the cost per EBU of $25.40 by the total number of residential EBUs (530,939), resulting in the total amount funded from residential property of $13,487,805. This result was then divided by the total anticipated residential square feet (20,376,679) to generate the Fee per square foot of $0.66. Details of this calculation are shown in the table below.

Table 80: Sewer Facilities Costs Financed by Fees Summary per Residential Land Use Category

Land Use Type	GPDs per Unit	Number of Projected Units	Calculation	Total
Residential	56	9,841		530,939
Total Residential		**9,841**	[a]	530,939
		Total Cost per EBU	*[b]*	$25.40
		Total Fees	[c] = [a] x [b]	$13,487,805
		Total Residential Sq. Ft.	[d]	20,376,679
		Total Cost per Residential Sq. Ft.	[e] = [c]/[d]	**$0.66**

Similarly, the non-residential Fee per 1,000 sq. ft. was determined by multiplying the cost per EBU of $25.40 by the total number of non-residential EBUs applicable with each land use type. The table below summarizes the Fee amounts per 1,000 sq. ft. and total cost financed by Fees imposed on non-residential land uses.

Table 81: Sewer Facilities Costs Financed by Fee Summary per Land Use Category

Land Use Type	EBUs per 1,000 Non-Res. Sq. Ft.[1]	Fee per 1,000 Non-Res. Sq. Ft..	Number of Projected Non-Res. Sq. Ft.	Costs Financed by Fees
	[a]	[b] = [a] x EBUs	[c]	[e] = [c] x [b]
Hotel	47	$1,194	62	$73,797
Commercial	47	$1,194	1,304,451	$1,557,478
Office	47	$1,194	312,163	$372,714
Industrial	47	$1,194	291,353	$347,867
Institutional	47	$1,194	62	$73,797
			Total	**$2,520,411**

H.6 Proposed Fees

The proposed Sewer Fee amounts are summarized in **Table 82** below. The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development by the City under the statutory requirements of Government Code Section 66000 *et. seq.*

Table 82: Sewer Facilities Costs Financed by Fees Summary per Land Use Category

Land Use Type	Residential Fee per Sq. Ft. per Room/1,000 Non-Res. Sq. Ft.	Number of Projected Res Sq. Ft./1,000 Non-Res. Sq. Ft	Costs Financed by Fees
Single-Family	$0.66	20,376,679	$13,487,805
Multi-Family			
Mobile Homes			
Hotel	$1,19	62	$73,797
Commercial	$1,19	1,304,451	$1,557,478
Office	$1,19	312,163	$372,714
Industrial	$1,19	291,353	$347,867
Institutional	$1,19	141,171	$168,555
		Total	**$16,008,216**

Sewer Facilities DIFs for residential and non-residential development are summarized in the table below.

Table 83: Sewer Facilities Fee Summary

Land Use	Calculated Fees
Single-Family Residence	$0.66 per Sq. Ft.
Multi- Family Residence	
Mobile Home	
Hotel	$1,194 per Room
Commercial/Retail	$1.19 per Sq. Ft.
Office	$1.19 per Sq. Ft.
Industrial	$1.19 per Sq. Ft.
Institutional/Other	$1.19 per Sq. Ft.

H.7 Administrative Fee (Optional)

Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs, including the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

H.8 DIF Annual Cost Escalation Recommendations

The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development. As the DIFs proposed in this Fee Study are based on Future Facilities costs in 2024 dollars, it is appropriate for the City to apply an annual escalator to these Fee levels to account for inflation in acquisition and construction costs. DTA further recommends that, after adoption, the above impact fees be reviewed each year and include a provision for an annual adjustment based on the CCCI. This CCI is based upon the BCI cost indices average for San Francisco produced by ENR.

I Storm Drain Fees

I.1 Storm Drain Facilities (Nexus Requirement AB 1600)

The Storm Drain facilities element will service the residents of the City by providing a storm drain system that ensures proper drainage of storm water runoff to protect from flooding. Storm Drain facilities include those used by the City to provide storm drainage services to both residents and employees within the City. The Storm Drain Fee will include facilities and improvements necessary to handle the storm drain runoff created by new development through build-out by the year 2043. The City identified the need for facilities and improvements, as shown below in **Table 84.**

The Table below illustrates how the Storm Drain Facilities Fee will meet the requirements of AB 1600 with regard to the use of the Fee, type of development funded or partially funded by the Fee revenue, reasonable relationship to the need for the facilities, and proportionality requirements.

Table 84: Storm Drain Facilities Nexus Requirement

AB 1600 Code Section	Description	Justification
66001(a)(1)	Identify the purpose of the Fee.	Provide a revenue source that will provide funds to construct and expand storm drain basins 01, 02, 04 and 05 and other improvements that will mitigate the impacts of new development on the City's storm drain system.
66001(a)(2)	Identify the use to which the Fee is to be put.	Fund or partially fund the construction and expansion of storm drain basins 01, 02, 04 and 05 and related projects within the City limits.
66001(a)(3)	Demonstrate how there is a reasonable relationship between the Fee's use and type of development project on which the fee is imposed.	New residential and non-residential development will generate additional traffic on City streets. The Fee revenue will be used to construct and expand storm drain basins 01, 02, 04 and 05 and related improvements. Storm drain fees collected from new development will be used exclusively for construction-related costs associated with these projects Fees imposed on new residential and non-residential development is a reasonable method for mitigating the impacts of such new development and any resulting increase in LOS above and beyond the current LOS that is required to meet the plan approved by the City.
66001(a)(4)	Demonstrate how there is a reasonable relationship between the need for the public facilities and type of development project on which the Fee is imposed.	Storm Drain Fee revenue will go towards new facilities and improvements necessary to handle the storm drain runoff created by new development. The construction and expansion of basins 01, 02 ,04 and 05 is needed to ensure proper drainage of storm water runoff to protect from flooding
66001(b)	Demonstrate how there is a reasonable relationship between the amount of the Fee and cost of the public facility.	Project costs are allocated to new development based on the storm water runoff generated by new development. The specific Fee imposed on the various land uses are based on stormwater runoff coefficients as compared to a residential unit (baseline rate or EDU factor).

For Storm Drain facilities, the City has provided DTA with the Needs List. Please refer to Section V for details on the Needs List. **Table 85** below provides a summary of the Needs List. The facilities presented below are based on estimates provided by the City.

According to the City, it has been determined that these facilities are needed to serve new development. Currently, these facilities are generally operating at an appropriate and acceptable LOS. Therefore, the costs of facilities have been allocated to new development and existing development based on their expected usage at build-out.

Table 85: Storm Drain Facilities Costs

Storm Drain Facilities	Facility Cost
Basin 01	$89,421,341
Basin 02	$15,504,287
Basin 04	$5,609,569
Basin 05	$166,844,424
Storm Drain Facilities Subtotal	**$277,379,621**
Offsetting Revenues	($1,818,393)
Storm Drain Facilities Total	**$275,561,228**

I.2 Offsetting Revenues

According to City staff, there are offsetting revenues that need to be considered in the Storm Drain facilities calculation total. As of the end of March 2024, the City had $1,818,228 in its current Storm Drain facilities account that must be subtracted from the facilities cost total. This is reflected in **Table 85**.

I.3 Level of Service (LOS)

As stated earlier in Section III, in September of 2021 the Governor of California signed AB 602, which provides new Statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these new requirements is that, when applicable, a Nexus Study shall identify the existing LOS for each public facility, identify the proposed new LOS, and include an explanation of why the new LOS is necessary. This section looks at the LOS for Storm Drain facilities to ensure that there will be sufficient system-wide capacity to direct storm drain runoff at storm recurrence intervals, as dictated by City policy, from new and existing development. The portion of the Fee associated with existing Storm Drain facilities represents the current LOS that would be applied to new development. Notably, the future facilities have been identified by the City (in its CIP) as facilities required to serve both new and existing development. Therefore, any increase in LOS above and beyond the

current LOS would be an increase required to meet the plan approved by the City.

I.4 Calculation Methodology

Storm Drain Fees were calculated for each of the six (6) land use categories based on the runoff rates, measured in terms relative contribution of runoff, (i.e., the EBU factor, see Section V) generated by each land use. Specifically, the reasonable relationship used to allocate storm drain costs between existing, converted use, and future development is relative runoff contribution. A rational method of computing runoff rates was used in the form of Q = C x I x A, where "Q" is equal to runoff volume in cubic feet per second, "C" is the ratio of impervious area to total area studied, "I" is rainfall intensity in inches per hour, and "A" is Area, in acres of the study area. A runoff factor, "C" in inches per hour of 1.00, indicates a totally impervious site, where every drop of rain would find its way to the public streets as runoff. These are the assumptions used in this calculation.

Total runoff was calculated by applying these runoff factors to the estimated acreage attributable to the various dwelling unit counts and non-residential square feet identified in Section IV of this Fee Study. As discussed in Section V, runoff factors per acre for residential units and non-residential development are based on runoff coefficients provided by City Staff.

All proposed Storm Drain facilities were sized to meet the needs of both existing and future residents and employees. Therefore, the costs of these facilities have been allocated between existing development and new development based on their percentage of build-out EBUs. As illustrated below in **Table 86**, 78.76% of the costs will be allocated to existing development and 21.24% of the costs will be allocated to new development. Based on this allocation between new and existing development, $58,537,638 of the $275,561,228 in Storm Drain facilities costs would be funded by the Fee imposed on new development. The remaining $217,023,590 shall be funded through other sources to be determined by the City.

Table 86: Storm Drain Facilities Cost Allocation Summary

Development Type	Percentage Allocated	Facility Cost Allocated
Existing Development	78.76%	$217,023,590
New Development	21.24%	$58,537,638
Total	**100.00%**	**$275,561,228**

*Note: Some figures may not sum due to rounding.

To determine the Storm Drain Fees, DTA calculated the total runoff expected through 2043 based on the anticipated residential and non-residential growth in the City. As shown in **Table 87** below, the analysis estimates that new development will generate a total runoff of approximately 319 EBUs.

Table 87: Storm Drain Usage by Land Use

Land Use Type	Projected Development (Units/Sq. Ft.)	Developed Acreage	Runoff Rate Coefficient "C"(per Acre)	Total Runoff (EBUs)
Residential	9,481	462	0.62	287
Hotel	62	0	0.83	0
Commercial Retail	1,304,451	12	0.95	12
Office	312,163	5	0.83	4
Industrial	291,353	14	0.80	11
Institutional/Other	141,171	7	0.83	6
Total	**N/A**	**500**	**N/A**	**319**

Table 88 presented below summarizes the cost per unit runoff, which is generated by dividing the cost to new development of $58,537,638 by the unit runoff that will be generated by new development (319). When accounting for the anticipated unit runoff from new development, the cost per unit runoff totals $183,520, as shown in the table below. This cost was then applied to the various land uses and their respective total runoff rates to determine the proposed Fee.

Table 88: Cost per EBU

Proposed Facilities Costs	Conversion Factor	Total
Cost Allocated to New Development	[a]	$58,537,638
Total Runoff Added by New Development	[b]	319
DIF Cost Per Unit Runoff	**[a]/[b]**	**$183,325**

I.5 Storm Drain Facilities Fee Calculation

As discussed in Section III, per the directive of AB 602, for housing development projects, Nexus Studies adopted after July 1, 2022, will no longer be on a per unit basis and will instead be calculated based on the square footage of proposed units of the development, unless the local agency demonstrates that another metric is more appropriate.

The Residential Fee per sq. ft. was determined by first multiplying the cost per EBU of $183,325 by the total number of residential EBUs (287), resulting in the total amount funded from residential property of $52,567,385. This result was then divided by the total anticipated residential square feet (20,376,679) to generate the Fee per square foot of $2.58. Details of this calculation are shown in the table below.

Table 89: Storm Drain Facilities Costs Financed by Fees Summary per Land Use Category

Land Use Type	Unit Runoff Per Acre	Number of Developed Acres		Total Runoff
Residential	0.62	462		287
Total Residential		462	[a]	287
		Total Cost per EBU	*[b]*	$183,325
		Total Fees	[c] = [a] x [b]	$52,567,385
		Total Residential Sq. Ft.	[d]	20,376,679
		Total Cost per Residential Sq. Ft.	[e] = [c]/[d]	**$2.58**

Similarly, the Fee per 1,000 sq. ft. was determined by multiplying the cost per EBU of $183,325 by the total number of non-residential EBUs applicable with each land use type. The table below summarizes the Fee amounts per 1,000 sq. ft. and total cost financed by Fees imposed on non-residential land uses.

Table 90: Storm Drain Facilities Costs Financed by Fee Summary per Land Use Category

Land Use	EBUs per Acre	Fee per Unit/Acre	Number of Hotel Rooms/Non-Res Acres	Costs Financed by Fees
	a	b= a x EBU		
Hotel	0.83	$1,192	62	$73,659
Commercial Retail	0.95	$174,159	12	$2,135,164
Office	0.83	$152,160	5	$744,027
Industrial	0.80	$146,660	14	$2,007,977
Institutional/Other	0.83	$152,160	7	$1,009,426
			Total	**$5,970,253**

I.6 Proposed fees

The proposed Storm Drainage Fee amounts are summarized in **Table 91** below. The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development by the City under the statutory requirements of Government Code Section 66000 *et. seq.*

Table 91: Storm Drain Facilities Costs Financed by Fees Summary per Land Use Category

Land Use	Res. Fee per Sq. Ft./unit/1,000 Res Fee	Projected Res. Sq. Ft./ Units/1,000 Non-Res Sq. Ft.	Costs Financed By Fees
Residential	$2.58	20,376,679	$52,567,385
Hotel	$1,192	62	$73,659
Commercial Retail	$3,998	1,304,451	$2,135,164
Office	$3,493	312,163	$744,027
Industrial	$3,367	291,353	$2,007,977
Institutional/Other	$3,493	141,171	$1,009,426
		Total	**$58,537,638**

Storm Drain Facilities DIFs for residential and non-residential development are summarized in the table below.

Table 92: Storm Drain Facilities Fee Summary

Land Use	Calculated Fees
Single-Family Residence	$2.58 per Sq. Ft.
Multi-Family Residence	
Mobile Home	
Hotel	$1,192 per Room
Commercial/Retail	$4.00 per Sq. Ft.
Office	$3.50 per Sq. Ft.
Industrial	$3.37 per Sq. Ft.
Institutional/Other	$3.50 per Sq. Ft.

I.7 Administrative Fee (Optional)

Should the City decide to implement this, an administrative fee funds the City's costs of implementing and collecting the DIFs, including the calculation and collection of the fees, revenue and cost accounting of the fees collected, fee justification analysis, and preparation of any mandated reports. An optional administrative component of the DIF is usually calculated at 2% of the total impact fees collected in addition to the fees charged to new development, which is an industry standard.

I.8 DIF Annual Cost Escalation Recommendations

The Fees recommended within this Fee Study reflect the maximum justifiable Fee level that may be imposed on new residential development. As the DIFs proposed in this Fee Study are based on Future Facilities costs in 2024 dollars, it is appropriate for the City to apply an annual escalator to these Fee levels to account for inflation in acquisition and construction costs. DTA further recommends that, after adoption, the above impact fees should be reviewed each year and include a provision for an annual adjustment based on the CCCI. This CCI is based upon the BCI cost indices average for San Francisco produced by ENR.

VII IMPLEMENTATION OF FEE SCHEDULE

In addition to the legal requirements covered in Section III, there are a number of recommendations for the adoption and administration of the DIFs presented in this report. All recommendations presented in this section are based on the Mitigation Fee Act (Government Code §66000 et seq.), also referred to as the "Act," which provides specific requirements for establishing and administering DIF programs. The Act also mandates procedures for administering impact fee programs, such as the collection and accounting of impact fees, refunds, mandatory updates, and reporting requirements.

At the time the City imposes an impact fee, Government Code 66020 requires a written statement of the amount of the fee and a written notice of a 90-day period during which the imposition of the fee can be protested. Prior to the enactment of Section 66020, a developer could not challenge the validity of fees imposed on a residential development without refusing to pay them. Under these circumstances, developers were required to pay disputed fees before they could be challenged. Section 66020 was drafted to correct that problem.

The various subparts of Section 66020 allow for a procedure that permits a developer to pay the fees under protest, obtain the relevant building permit, and then proceed with the project while pursuing an action to challenge the fees. If the action is successful, the fees will be refunded with interest. However, failure to protest imposition of the fee during the allowed period may deprive the fee payer of the right to any subsequent legal challenges. Any challenges to be filed must be submitted within 90 days of enactment. The subsequent sections provide specific guidelines in implementing DIFs.

A The Collection of DIFs

According to Government Code Section 66007, any local agency that imposes any fees or charges on a residential development for the construction of public improvements or facilities shall not require the payment of those fees or charges, notwithstanding any other provision of law, until the date of the final inspection, or the date the Certificate of Occupancy is issued, whichever occurs first.

However, utility service fees may be collected at the time an application for utility service is received. If the residential development contains more than one dwelling, the local agency may determine whether the fees or charges shall be paid on a pro rata basis for each dwelling when (i) it receives its final inspection or Certificate of Occupancy, (ii) on a pro rata basis when a certain percentage of the dwellings have received their final inspection or Certificate of Occupancy, or (iii) on a lump sum basis when the first dwelling in the development receives its final inspection or Certificate of Occupancy, whichever of the three occur first.

An exception allows DIFs to be collected at an earlier time if they will be used to reimburse the agency for expenditures previously made or for public improvements or facilities for which money has already been appropriated. If any fee or charge specified is not fully paid

prior to the issuance of a building permit for construction, the local agency issuing the building permit may require the property owner, or lessee if the lessee's interest appears of record, as a condition of issuance of the building permit, to execute a contract to pay the fee or charge, or applicable portion.

Statutory restrictions in place for residential development at the time at which fees may be collected do not apply to non-residential development. In cases where the fees are not collected upon the issuance of building permits, Sections 6607(c)(1) and (2) provide that the City may require the property owner of a non-residential development to execute a contract to pay the fee, and subsequently record that contract as a lien against the property owner.

B The Assignment and Expenditure of Fee Revenue

According to Section 66006, if a local agency requires the payment of a fee specified in connection with the approval of a development project, the local agency receiving the fee shall deposit it with the other fees for the improvement to be funded 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.

Any interest income earned in the capital facilities account or fund shall also be deposited in that account or fund and shall be expended only for the purpose for which the fee was originally collected.

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). DTA recommends the continuation of that approach.

Development Impact fee revenue should not be spent on any infrastructure, property or equipment needed to mitigate an existing deficiency.

C Exemptions, Reductions and Waivers.

If a project has characteristics that indicate its impact on a particular public facility or infrastructure system will be significantly and permanently smaller than the average impact used to calculate impact fees in this study, the fees should be reduced accordingly. The City may decide to voluntarily waive or reduce the fees that would otherwise apply to a project to promote goals such as affordable housing or economic development. However, the implementation of this policy may not result in increased costs for other development projects and are allowed only if such costs are offset from other revenue sources.

D Developer Improvement Credits

If the City maintains a policy that requires a developer, as a condition of project approval, to construct facilities for which impact fees have been or will be charged, the impact fee imposed on that development project for that type of facility must be adjusted to reflect a credit for such dedication or construction. Furthermore, the impact fee imposed on that development project for that type of facility must be adjusted to reflect a credit for the cost

of the facilities or improvements constructed by the developer. If circumstances allow a developer to dedicate land, buildings, or other valuable considerations in lieu of paying fees, the City maintains the discretion to accept or reject such offers and may negotiate the terms under which an offer would be accepted.

E Existing Development Credit

If a project involves the replacement, redevelopment, or intensification of previously existing development, impact fees should be applied only to the portion of the project which represents a net increase in demand for relevant facilities, applying the measure of demand used in this study to calculate that particular fee. Since residential service demand is normally estimated on the basis of demand per dwelling unit, an addition to a single-family dwelling unit typically would not be subject to an impact fee if it does not increase the number of dwelling units in the structure. In any project that results in a net increase in the number of dwelling units, the added units would normally be subjected to impact fees. A similar analysis can be applied to non-residential development using a measure of demand on which impact fees are based.

F Annual Reporting and Accounting of Fees.

AB 1600 requires that both general law and charter cities account for every fee that they collect under its terms. Funds collected for each capital facility or service shall be deposited in separate accounts and not commingled with any other funds for other impact fees. While funds are accruing for individual capital facilities, the City must keep track of each fund and provide an annual report. Section 66006 requires that for each separate account or fund established, the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the following information for the fiscal year:

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 the interest earned;
5. An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees;
6. An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in Paragraph (2) of Subdivision (a) of Section 66001, and the public improvement remains incomplete;
7. A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be

expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan; and

8. The amount of refunds made pursuant To Subdivision (e) of Section 66001 and any allocations pursuant to Subdivision (f) of Section 66001.

The City must review the information made available at the next regularly scheduled public meeting not less than 15 days after this information is made available to the public. Notice of the time and place of the meeting, including the address where this information may be reviewed, shall be mailed at least 15 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting.

G Refunding Policy

Under the Mitigation Fee Act, Govt. Code §66000 et seq., each DIF must be deposited in a separate capital facilities account and may be expended only for the purposes for which it was collected. For all unexpended fees, the agency must make findings every 5 years that:

1. Identify the purpose to which the fee will be put;
2. Demonstrate a reasonable relationship between the unexpended balance and the purpose for which the fee was charged;
3. Ascertain the sources and funding for any as-yet-incomplete public improvements; and
4. Designate the approximate date the agency expects the funding for uncompleted improvements to be deposited in the account [§66001(d)(1)]. The Act provides that "if the findings are not made as required by [the Act], the local agency shall refund the moneys in the account" to the current owners of the properties for which the fees were paid [§66001(d)(2)].

Failure to make the findings specified in Mitigation Fee Act requires a refund of all unexpended DIFs. When sufficient funds have been collected to complete financing of the public improvements contained in the CIP, the public agency shall identify "an approximate date by which the construction of the public improvement will be commenced" within 180 days of collection of the required funds (Gov. Code §66001(e)]. Failure to comply with this requirement also mandates the return of the collected funds, as stated above.

H Annual Update of the CIP

It is common for jurisdictions to prepare a CIP in conjunction with a fee program. In fact, AB 1600 encourages the use of a CIP to assist in scheduling and implementing the services and improvements funded through impact fees (Gov. Code §66002). A good CIP establishes a schedule of improvements necessary to accommodate the projected growth. The CIP must indicate the approximate size, location, time of availability, and estimated costs of all improvements to be financed through fees [Gov. Code §66002(a)]. In order to create a usable CIP, a municipality must have an accurate understanding of its current service

baseline and its projected growth. This requires an understanding of when, where, and how growth may occur within the area. The more information collected about future growth, the more comprehensive and accurate the CIP will be. A CIP can also help a municipality determine when new public improvements or the expansion of existing public improvements is needed in relation to the timing of new development.

If the public agency adopts a CIP, it must be updated annually [Gov. Code §66002(b)]. 10 days' published notice is provided pursuant to Government Code §65090 and is also provided to any city or county that may be significantly affected by the CIP. If a CIP is adopted and is used as a basis for identifying the use of impact fees, the CIP must be adopted and updated annually by a resolution of the governing body at a public hearing. In the absence of a CIP, an alternative is to identify improvements in other public documents, such as General Plans, land studies, and other documents.

I Administration Costs of Fee Implementation

The cost of implementing the DIFs is not included in the fees themselves and must be determined by the City. To recover the periodic costs of updating the fees studies, implementing the program, ongoing staff costs, managing the updates, and preparing annual and five-year updates required by the Mitigation Fee Act, an administration fee may be added to the impact fees calculated in this Fee Study. DTA recommends that these fee expenses are handled administratively and pass the costs on to user fees charged to applicants for processing fee applications. The calculation of the administrative cost for each fee in this study is presented in each respective fee section and in the Executive Summary.

J Indexing of Impact Fee Rates.

The DIFs presented in this report are based on current facility costs provided by the City and should be adjusted annually to account for inflation. The purpose of the adjustment is to account for future escalation in costs for land, equipment, vehicles, and construction. DTA recommends that after adoption, the fee should be reviewed each year and adjusted by a reliable index such as the ENR BCI generally used as the primary basis for indexing construction costs. Ordinarily, land costs make up a significant portion of the costs covered by the fees and do not lend themselves to traditional cost indexes. As such, land costs should be adjusted to changes in local land prices.

K Updating the Impact Fee Study

As stated in Section III, AB 602 was signed into law in September of 2021 by the Governor of California, and it provides new Statewide requirements for local jurisdictions seeking to impose DIFs on development projects. Among these requirements are that Nexus Studies shall be updated at least every 8 years as of January 1, 2023. However, DTA concurs with the generally accepted policy that 5 years is a good rule-of-thumb time period for impact fee updates, particularly because the required 5-Year Findings (see above) can be approved at that same time. In some instances, fees may remain valid for a longer period of time if

the City's land use and facility plans do not change. A case in point is a municipality at or near full build-out capacity. However, a dynamic, growing municipality facing significant changes in land use would do itself a disservice if it maintained the current fee structure for too long without a fee study to update the current rates.

L Administering an Impact Fee Program.

Creating and administering an impact fee program can be a labor-intensive process requiring considerable preparation and training that should not be undertaken more often than necessary. A well-planned fee program can generate sufficient funds to allow the City to adequately mitigate impacts created by future development. Conversely, a poorly planned fee can result in either collecting too little money and being forced to pay for public facilities required as a result of future development through its General Fund or collecting too much money based on an unsupported fee program, thus exposing the City to a fee challenge or a requirement to refund unexpected proceeds.

All personnel involved in the process, including accounting, capital budgeting, and project management of any other area, must be made fully aware of the difference between impact fees and other fees, such as user fees, and of the guidelines and restrictions placed on the expenditure of impact fee revenues. The building impact fees generated in this report are tied to specific facility improvements and cost estimates provided by the City. The fees must be expended accordingly and must be able to withstand any challenges and show that the funds have been properly directed in accordance with proper AB 1600 guidelines.

VIII SUMMARY OF PROPOSED DEVEOPMENT IMPACT FEES

The total proposed DIFs to finance new development's share of the costs of new facilities are summarized below.

Table 93: DIF Summary Daly City

Land Use [1 2 3]	Administration	Police	Fire	Library	Parks [4]
Single-Family	$0.46	$0.34	$0.73	$0.42	$8.98
Multi-Family	$0.46	$0.34	$0.73	$0.42	$8.98
Mobile Home	$0.46	$0.34	$0.73	$0.42	$8.98
Hotel	$525	$382	$831	$473	
Commercial/Retail	$0.67	$0.48	$1.05	$0.60	
Office	$0.92	$0.67	$1.45	$0.82	
Industrial	$0.42	$0.30	$0.66	$0.38	
Institutional/Other	$0.75	$0.54	$1.19	$0.67	

Notes:

1. Single-family, multi-family and mobile home residential fees are charged per square foot.
2. Hotel fees are charged per room.
3. Non-residential fees are charged per square foot.
4. Non-residential development is exempt from Park Fees.

Table 94: DIF Summary Daly City (continued)

Land Use [1 2 3]	Transportation	Water	Sewer	Storm Drain
Single-Family	$1.00	$0.43	$0.66	$2.58
Multi-Family	$1.00	$0.43	$0.66	$2.58
Mobile Home	$1.00	$0.43	$0.66	$2.58
Hotel	$1,351	$680	$1,194	$1,192
Commercial/Retail	$6.90	$0.68	$1.19	$4.00
Office	$0.43	$0.68	$1.19	$3.49
Industrial	$1.70	$0.68	$1.19	$3.37
Institutional/Other	$2.92	$0.68	$1.19	$3.49

Notes:

1. Single-family, multi-family and mobile home residential fees are charged per square foot.
2. Hotel fees are charged per room.
3. Non-residential fees are charged per square foot.

APPENDIX A

City of Daly City
Development Impact Fee Justification Study

FEE DERIVATION WORKSHEETS

APPENDIX B

City of Daly City
Development Impact Fee Justification Study

INVENTORY AND FACILITIES NEEDS LIST

APPENDIX C

City of Daly City
Development Impact Fee Justification Study

PROPERTY INVENTORY FOR LAND ACQUISITION COSTS

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