SANTA ROSA IMPACT FEE PROGRAM UPDATE

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EXECUTIVE SUMMARY

This update to the City of Santa Rosa (City) impact fee program includes the four fees listed below:

- Capital facilities fee (CFF) (see Chapter 3)
- Southwest area development impact fee (SWADIF) (see Chapter 3)
- Southeast development impact fee (SEADIF) (see Chapter 3)
- Park impact fee (see Chapter 4)

The City also imposes separate impact fees for water, wastewater, and public art that are not part of this update. In addition, the City has a housing impact fee that is imposed on market-rate residential development to support affordable housing projects. Finally, development projects within the City pay a school impact fee that is imposed by local school districts.

The City is examining a potential commercial linkage fee that would be imposed on nonresidential development only, complementing the housing impact fee as a funding source for affordable housing.

This report explains the methodology that establishes a reasonable relationship between new development and the need for and use of impact fees, also known as a "nexus analysis." Based on the nexus analysis the report presents a schedule of maximum justified fees by land use category. The City may adopt fees up to the maximum amount shown in each fee schedule for each land use category. This report also includes a financial feasibility analysis that examines the potential impact of proposed impact fees, and an additional fee increase scenario, on prototype development projects (see Chapter 5).

Current Challenges

The nexus analyses for the impact fees included in this study have not been updated for over 20 years. Lists of capital projects and their estimated costs have been updated over time but the underlying justification for each fee has remained unchanged.

A range of conditions affecting the fee program have changed substantially over the past several decades:

Need for citywide capital improvement planning: The SWADIF, SEADIF, and park impact fee have requirements to spend revenues in specific geographic areas, constraining the City's ability to address citywide needs. Thirty years ago, as the City was expanding, this approach made sense to isolate

capital improvement needs and funding within sub-areas. The City is now more highly developed and urbanized, with more infill development, affecting the types and locations of facilities needed to serve future growth.

Underfunded capital improvement plans: A fee program review conducted in fall 2015 found that fee revenue is sufficient to fund only 50 percent of identified capital needs, and adequate non-fee revenues have not been identified.[1] Furthermore, current nexus analyses use buildout of the City's General Plan to identify facility needs. The combined result is a capital project list that is both too extensive to focus on near-term expenditure priorities, and too expensive to fund within a reasonable planning horizon.

Development feasibility: High construction costs, limited land supply, constrained credit markets, and long entitlement processes are inhibiting real estate market investment. Any increases in the level of exactions imposed by the City on development projects, such as higher impact fees, needs to be considered in this context.

Study Objectives

To address these challenges, this impact fee update has the following objectives:

- Update the nexus analyses in compliance with the Mitigation Fee Act[2], and provide flexibility to adopt fees that are less than the maximum justified amount to support other City policy goals without having to revise the nexus analysis and associated funding plans.
- Base the nexus analyses and related capital improvement planning on market-based growth forecasts for a reasonable planning horizon of 20 years.
- Increase the City's flexibility to expend fee revenues based on citywide needs.
- Provide the option for the City to adopt an additional fee for affordable housing.
- Evaluate the financial feasibility of potential fee levels in the context of current market conditions.

[1] Walter F. Kieser, "Development Impact Fee Review Study Session #1", presentation to City of Santa Rosa City Council, August 18, 2015, p. 27.

[2] The statutory authority for local jurisdictions in California to adopt impact fee programs (see *California Government Code*, Sections 66000-66025).

New Development (2017-2040)

The consultant team developed market-based growth forecast for a 2040 planning horizon to guide the analyses conducted for this study. The forecasts reflect recent trends, market information, and interviews with local developers and brokers. Forecasts are summarized below in **Table E.1**. The completed Roseland annexation area is included in the growth forecast. The City is projected to continue to growth, adding 20 percent more housing units by 2040, but at rates closer to recent experience rather than the higher rates of the 1980s and 1990s.

Table E.1: Growth Forecasts

	2017	2040	Growth [1] 2017-2040
Residential			
Population	173,344	209,164	35,820
Dwelling Units			
Single family	47,083	55,483	8,400
Multifamily	22,031	27,331	5,300
Total	69,114	82,814	13,700
Nonresidential			
Employees	82,130	97,180	15,050
Building Square Feet (000s)			
Office	6,576	7,628	1,052
Retail/Commercial	9,715	11,269	1,554
Institutional	3,578	4,150	572
Hotel	596	691	95
Industrial	9,053	10,502	1,449
Total	29,517	34,240	4,723

[1] Includes growth in Roseland annexation area.

Sources: California Department of Finance; City of Santa Rosa, Strategic Economics.

CFF / SWADIF / SEADIF

The CFF, SWADIF, and SEADIF programs primarily address development impacts on the transportation system. These fee programs also provide funding for a range of other public facilities and infrastructure, including public safety (police and fire), libraries, and storm drainage. The focus of this update to these three fees is to:

- Shift the analysis of development impacts and the use of fee revenues to the citywide CFF.
- Terminate the SWADIF and SEADIF programs.

- Maintain revenue neutrality by increasing the CFF to replace revenue that the SWADIF and SEADIF would have generated.

The nexus analysis updates the maximum justified fee for the CFF, resulting in a fee that is higher than current or proposed fees. Unlike the current nexus methodology, the updated nexus approach separates the justification for the fee from a specific list of capital projects. This approach provides flexibility to adopt a fee at an appropriate level given anticipated funding needs and development feasibility. Of more importance, the City can adjust capital improvement plans and fee levels in the future without having to revisit the underlying nexus analysis.

Park Impact Fee

The park impact fee nexus analysis also employs a citywide approach. Currently the City has slightly difference fees across four zones (quadrants). The updated approach maintains the four zones, but fee levels are equalized across all zones. Like the CFF/SWADIF/SEADIF update, the recommended fees are revenue neutral, resulting in the same revenue generation as would occur under current fee levels.

Table E.2 summarizes the changes to the CFF, SWADIF, SEADIF and park impact fee programs, by each quadrant of the City.

Table E.2: Existing & Proposed CFF, SWADIF, SEADIF & Park Impact Fee

		Existing			Proposed			
Land Use	**Unit**	**CFF/ SWADIF/ SEADIF**	**Park[1]**	**Total**	**CFF Only**	**Park[1]**	**Total**	**Change**
Northwest Quadrant								
Residential[2]								
Very Low Density	per DU	$7,108	$10,368	$17,476	$9,129	$10,516	$19,645	12%
Low Density	per DU	6,234	10,368	16,602	8,007	10,516	18,523	12%
Medium-Low Density	per DU	5,706	8,882	14,588	7,329	9,009	16,338	12%
Medium Density	per DU	5,082	7,625	12,707	6,527	7,734	14,261	12%
Medium-High Density	per DU	4,230	7,625	11,855	5,433	7,734	13,167	11%
Accessory Dwelling Unit	per DU	4,230	6,060	10,290	5,433	6,147	11,580	13%
Nonresidential								
Retail	per SqFt	$11.89	$-	$11.89	$14.16	$-	$14.16	19%
Commercial	per SqFt	7.12	-	7.12	9.14	-	9.14	28%
Office	per SqFt	4.97	-	4.97	6.38	-	6.38	28%
Industrial	per SqFt	3.02	-	3.02	3.88	-	3.88	28%
Mini Warehouse	per SqFt	1.20	-	1.20	1.54	-	1.54	28%
Congregate Care	per Room	1,097	-	1,097	1,409	-	1,409	28%
Churches	per SqFt	0.93	-	0.93	1.19	-	1.19	28%
Private Schools	per SqFt	4.87	-	4.87	6.25	-	6.25	28%
Drug Rehab. Center	per SqFt	4.74	-	4.74	6.09	-	6.09	28%
Northeast Quadrant								
Residential[2]								
Very Low Density	per DU	$7,108	$11,860	$18,968	$9,129	$10,516	$19,645	4%
Low Density	per DU	6,234	11,860	18,094	8,007	10,516	18,523	2%
Medium-Low Density	per DU	5,706	10,160	15,866	7,329	9,009	16,338	3%
Medium Density	per DU	5,082	8,721	13,803	6,527	7,734	14,261	3%
Medium-High Density	per DU	4,230	8,721	12,951	5,433	7,734	13,167	2%
Accessory Dwelling Unit	per DU	4,230	6,932	11,162	5,433	6,147	11,580	4%
Nonresidential								
Retail	per SqFt	$11.89	$-	$11.89	$14.16	$-	$14.16	19%
Commercial	per SqFt	7.12	-	7.12	9.14	-	9.14	28%
Office	per SqFt	4.97	-	4.97	6.38	-	6.38	28%
Industrial	per SqFt	3.02	-	3.02	3.88	-	3.88	28%
Mini Warehouse	per SqFt	1.20	-	1.20	1.54	-	1.54	28%
Congregate Care	per Room	1,097	-	1,097	1,409	-	1,409	28%
Churches	per SqFt	0.93	-	0.93	1.19	-	1.19	28%
Private Schools	per SqFt	4.87	-	4.87	6.25	-	6.25	28%
Drug Rehab. Center	per SqFt	4.74	-	4.74	6.09	-	6.09	28%

Table E.2: Existing & Proposed CFF, SWADIF, SEADIF & Park Impact Fee (continued)

		Existing			Proposed			
Land Use	**Unit**	**CFF/ SWADIF/ SEADIF**	**Parks[1]**	**Total**	**CFF Only**	**Parks[1`]**	**Total**	**Change**
Southwest Quadrant								
Residential[2]								
Very Low Density	per DU	$23,428	$9,808	$33,236	$9,129	$10,516	$19,645	(41%)
Low Density	per DU	20,156	9,808	29,964	8,007	10,516	18,523	(38%)
Medium-Low Density	per DU	18,230	8,402	26,632	7,329	9,009	16,338	(39%)
Medium Density	per DU	15,732	7,213	22,945	6,527	7,734	14,261	(38%)
Medium-High Density	per DU	12,394	7,213	19,607	5,433	7,734	13,167	(33%)
Accessory Dwelling Unit	per DU	12,394	5,733	18,127	5,433	6,147	11,580	(36%)
Nonresidential								
Retail	per SqFt	$13.11	$-	$13.11	$14.16	$-	$14.16	8%
Commercial	per SqFt	16.45	-	16.45	9.14	-	9.14	(44%)
Office	per SqFt	16.37	-	16.37	6.38	-	6.38	(61%)
Industrial	per SqFt	11.14	-	11.14	3.88	-	3.88	(65%)
Mini Warehouse	per SqFt	3.53	-	3.53	1.54	-	1.54	(56%)
Congregate Care	per Room	2,785	-	2,785	1,409	-	1,409	(49%)
Churches	per SqFt	1.78	-	1.78	1.19	-	1.19	(33%)
Private Schools	per SqFt	7.91	-	7.91	6.25	-	6.25	(21%)
Drug Rehab. Center	per SqFt	6.60	-	6.60	6.09	-	6.09	(8%)
Southeast Quadrant								
Residential[2]								
Very Low Density	per DU	$23,764	$9,763	$33,527	$9,129	$10,516	$19,645	(41%)
Low Density	per DU	20,252	9,763	30,015	8,007	10,516	18,523	(38%)
Medium-Low Density	per DU	18,400	8,363	26,763	7,329	9,009	16,338	(39%)
Medium Density	per DU	16,319	7,178	23,497	6,527	7,734	14,261	(39%)
Medium-High Density	per DU	10,475	7,178	17,653	5,433	7,734	13,167	(25%)
Accessory Dwelling Unit	per DU	10,475	5,706	16,181	5,433	6,147	11,580	(28%)
Nonresidential								
Retail	per SqFt	$13.10	$-	$13.10	$14.16	$-	$14.16	8%
Commercial	per SqFt	16.44	-	16.44	9.14	-	9.14	(44%)
Office	per SqFt	14.23	-	14.23	6.38	-	6.38	(55%)
Industrial	per SqFt	6.26	-	6.26	3.88	-	3.88	(38%)
Mini Warehouse	per SqFt	1.85	-	1.85	1.54	-	1.54	(17%)
Congregate Care	per Room	2,388	-	2,388	1,409	-	1,409	(41%)
Churches	per SqFt	2.31	-	2.31	1.19	-	1.19	(48%)
Private Schools	per SqFt	7.91	-	7.91	6.25	-	6.25	(21%)
Drug Rehab. Center	per SqFt	6.60	-	6.60	6.09	-	6.09	(8%)

Note: "DU" is dwelling unit and "SqFt" is square foot.

[1] The park impact fee uses different land use categories than the CFF as follows: the “single family detached” park fee is shown for the very low and low density categories, the “single family attached” park fee is shown for the medium-low density category, the “multifamily” park fee is shown for the medium and medium-high density categories, and the “mobile home/ADU” park fee is shown for the accessory dwelling unit category.

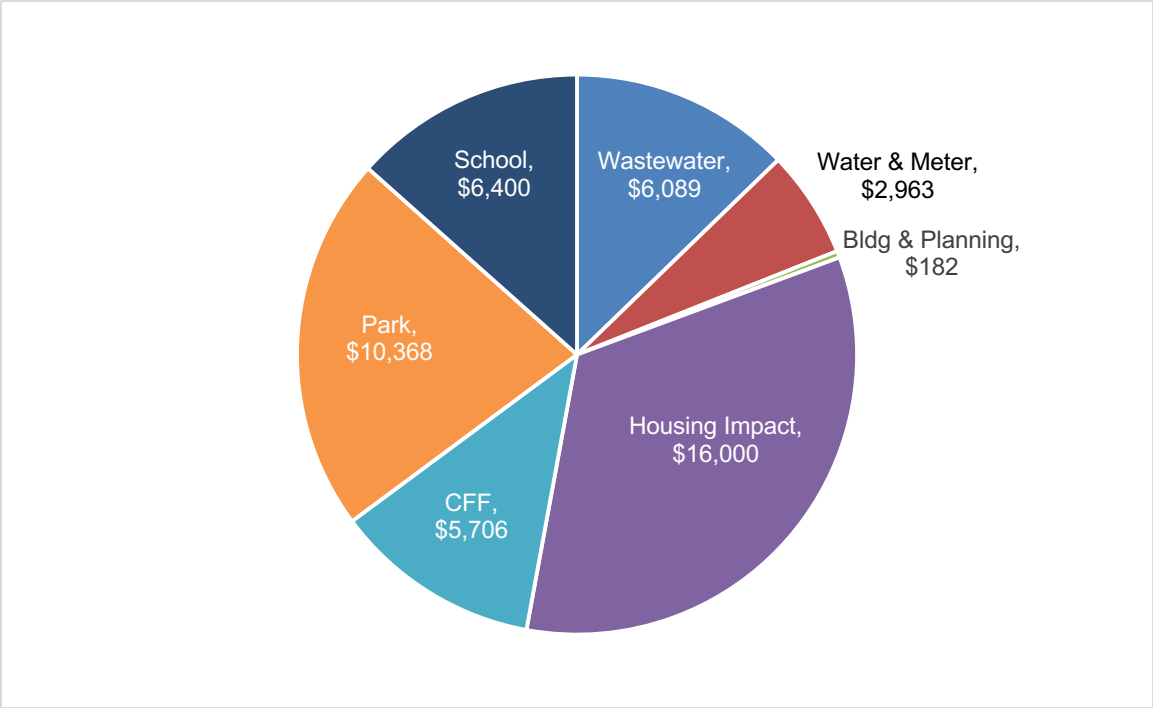
[2] A density range based on dwelling units per acre defines each residential category as follows: Very Low = 0-2, Low = 2-8, Medium-Low = 8-13, Medium = 13-18, and Medium-High = >18 units per acre.

Source: Tables 3.14 and 4.7.

Financial Feasibility

As mentioned above, the CFF and park impact fees are two of several fees imposed by the City and local school districts. **Figure E.1** shows the level of these fees applied to a typical single family detached home in the northwest quadrant. Together the CFF and park impact fees represent about one-third of all City and school district fees. CFF and park impact fees represent a higher share, about 40 percent, for multi-family projects.

Figure E.1: City & School Impact Fees: Single Family Detached Unit, Northwest Quadrant



The consultant team estimated project costs and revenues and compared the return on investment to the threshold level necessary to attract private capital. To evaluate financial feasibility of potential changes in fee levels, we estimated the change in development costs and the consequent impact on financial feasibility. If a fee increase would cause financial feasibility to fall below a certain threshold, then the City would be less likely to be able to attract real estate investment.

The consultant team tested the impact of three proposed fee scenarios on development feasibility:

- **Scenario 1:** Maintain the CFF and park impact fee at existing levels and terminate the SWADIF and SEADIF.

- **Scenario 2 (proposed):** Increase the CFF to replace revenue lost by terminating the SWADIF and SEADIF and equalize the park impact fee across all four zones (quadrants) for residential uses.
- **Scenario 3**: Assume a fee increase equal to 30 percent of proposed combined scenario 2 CFF and park impact fee levels. The fee increase could apply to any existing or new impact fee (not necessarily the CFF or park impact fee).

Figures E.2 through E.4 illustrate the results of the feasibility analysis for the residential prototypes. **Table E.3** summarizes results for the nonresidential prototypes. See Chapter 5, *Financial Feasibility Analysis*, for a description of the metrics shown in the figures and used to evaluate financial feasibility ("return on cost" and "yield on cost").

The results of the analysis provide a guide for policy making, but not the definitive answer to the question of "when do fee levels affect real estate investment?". Pro forma modeling is based on a snapshot of today's market conditions, and so has inherent limitations because of the dynamic nature of the real estate market. Development project feasibility will vary throughout the market cycle.

Real estate economic theory suggests that increasing impact fees does not cause an increase in prices or rents. Private developers are motivated to maximize profits, and therefore will already be charging the highest price (or rent) that the market can bear prior to any increase in fees. In a balanced housing market, for example, a developer cannot easily pass on the cost of the impact fees by simply charging more for the unit, because the amount that a prospective homebuyer and renter can afford to pay for housing is not infinite. Therefore, economic theory suggests that increased fees are either absorbed by the developer in the form of lower profits, or by the landowner in the form of lower land prices.

Developers interviewed for previous studies have confirmed that their financial feasibility analyses for new development projects usually incorporate development impact fees into their estimate of the value of the land. In other words, if impact fees were to increase in a particular location, the amount that a developer would offer to the landowner for the development site would decrease.

Figure E.2: Single Family Detached Prototype Feasibility
(Northwest Quadrant)

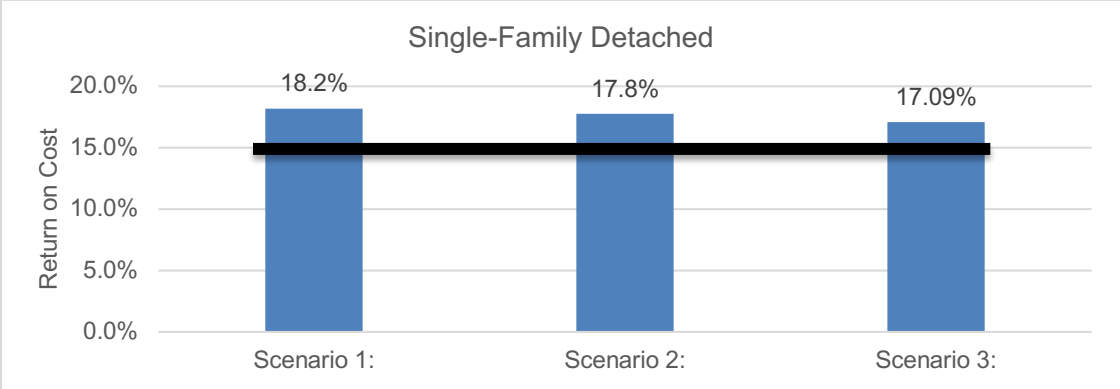


Figure E.3: Single Family Attached Prototype Feasibility
(Northwest Quadrant)

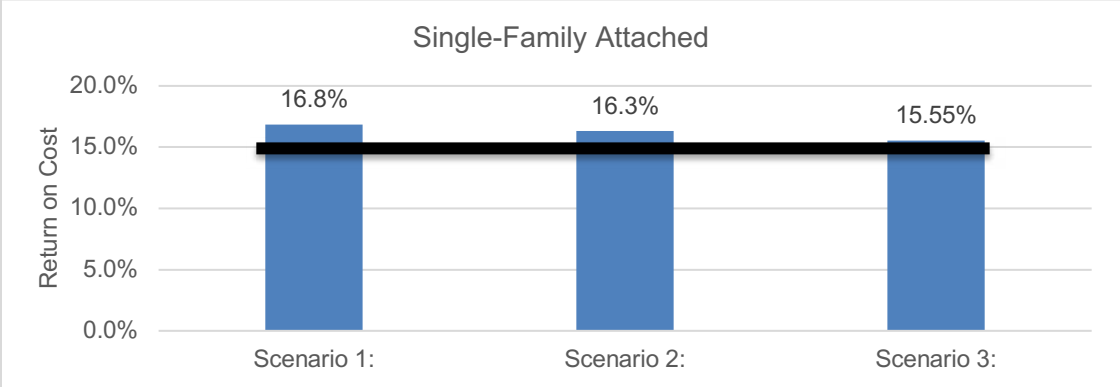


Figure E.4: Apartment Prototype Feasibility
(Northwest Quadrant)

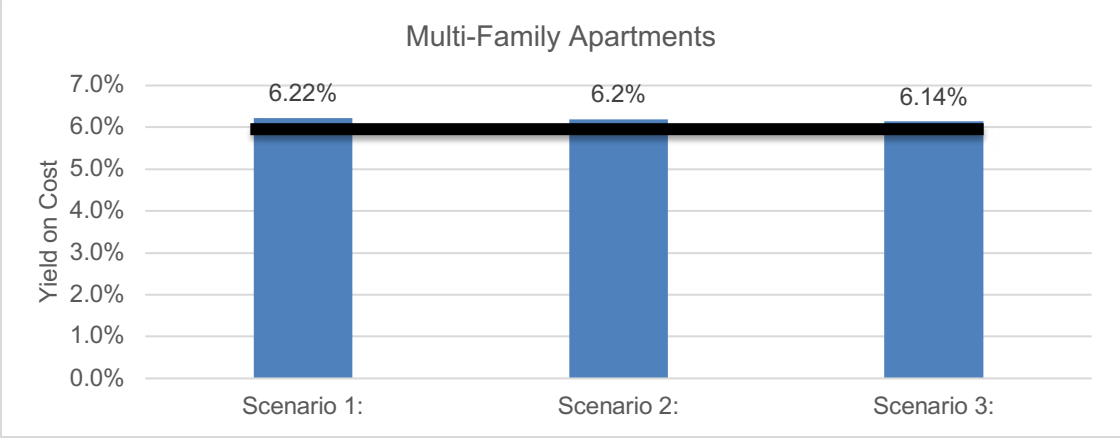


Table E.3: Commercial Feasibility Analysis Results (yield on cost)
(Northwest Quadrant)

Land Use	Feasibility Threshold	Scenario 1: Existing CFF	Scenario 2: Increase CFF to Replace SWADIF/ SEADIF	Scenario 3: Additional Fee Increase
Hotel	12.00%	14.65%	14.58%	14.39%
Retail/Restaurants/Services	6.50%	6.79%	6.75%	6.61%
Business Park/Light Industrial	5.50%	5.98%	5.95%	5.86%

Sources: Tables 5.16 and 5.17.

In terms of development factors under the City's control, there is evidence that local land use policies that delay the development process can have a much stronger effect on housing construction than impact fees.[3]

To avoid a significant negative impact on real estate investment from an increase in impact fees, any such action should attempt to:

- Use fee revenues for public facilities that add value as perceived by buyers and tenants.
- Avoid large fee increases over short time periods so landowners and developers can adjust expectations without delaying investment.

The results presented in Figures E.2 through E.4 and Table E.3 indicate that:

- Three prototypes (apartment, retail/restaurant and business park/light industrial) are marginal even under existing conditions (scenario 1).
- All six prototypes remain financially feasible under all three scenarios, though in many cases development is marginally justified (return on investment within one percent of the feasibility threshold).
- Prototypes reflect fee levels in the Northwest quadrant, so results do not reflect the significant fee decrease from the termination of the SWADIF and SEADIF in the southern parts of the City under all scenarios (see Table E.2).
- The City should approach with caution an increase in impact fees to the level of scenario 3, and consider phasing any increase in over time, to avoid negatively affecting levels of real estate investment.

[3] Mayer, Christopher J. and C. Tsuriel Somerville. 2000. "Land Use Regulation and New Construction" Journal of Urban Economics, 48 (1), 85-109

Capital Improvement Funding

This impact fee program update included substantial effort to develop a long-range capital improvement plan that both (1) maintains levels of service as growth occurs through the 2040 planning horizon, and (2) can reasonably be implemented given proposed fee levels and other anticipated funding.

All project lists (see Appendix A) represent the best available information at the time of this report. Given the approach taken in this nexus analysis, the City has the flexibility to revise these lists. The nexus analysis constrains the use of impact fee revenues the types of projects described in the *Eligible Use of Funds* section in Chapters 3 and 4.

- **Roadways & intersections:** Proposed projects maintain the City's adopted level of service. The CFF provides critical matching funds for these improvements to leverage federal, state, and regional transportation funding sources.
- **Bicycle and pedestrian:** The CFF can be used to fund projects such as those identified in the 2010 *Bicycle and Pedestrian Master Plan*. The CFF provides critical matching funds for these improvements to leverage federal, state, and regional transportation funding sources.
- **Public safety:** The CFF provides nearly all (88 percent) of the funding needed for fire facilities anticipated by 2040. This result assumes that 80 percent of the new police and fire public safety building is funded from other sources such as a general obligation bond.
- **Storm drainage:** The CFF provides $18 million by 2040. An infrastructure master plan is needed to determine long range funding needs.
- **Parks:** The park impact fee maintains the City's existing park facility standard of 3 acres per 1,000 residents (less than the General Plan standard of 3.5 acres). However, the fee provides no additional funding for special recreational facilities such as the Southwest Community Center and Pool. This project could be a candidate project for funding with a general obligation bond or other local, regional, or state sources.

Implementation

This update proposes revisions to implementing ordinances and resolutions to support the study's objectives and recommendations. Significant revisions include:

- Capital Facilities Fee (Chapter 21-04)

  - Revise language describing the nexus approach, including deleting references to specific projects lists and funding requirements.
  - Merge the two CFF expenditure categories related to roadways and intersections into a single category.
  - Delete the fee on residential additions because all impacts are associated with the primary residence.
- Park Impact Fee (Chapter 19-70)
  - Re-structure park fees as a single park impact fee, instead of separate fees for land acquisition and development.
  - Maintain the ability to require park land dedication by residential development projects and provide for a credit against the park impact fee.
  - Allow up to 50 percent of park impact fee revenue to be spent outside the zone in which it is collected, rather than the current 33 percent.

1. INTRODUCTION

Background

Development impact fees provide a mechanism for new development projects to contribute financially to the one-time cost of improving and expanding the infrastructure and facilities needed to accommodate that development. Impact fees are commonly used by local agencies throughout California and in many other states as one of many funding sources for capital improvement programs. Fees are a one-time, non-recurring revenue source paid at the start of a development project, typically at building permit issuance.

The City of Santa Rosa (City) impact fee program includes the fees listed below. Four fees are updated in this study, and one new fee (affordable housing commercial linkage fee) is analyzed:

Fees Included in this Study

- Capital facilities fee (CFF)
- Southwest area development impact fee (SWADIF)
- Southeast development impact fee (SEADIF)
- Park impact fee

Fee Not Included in this Study

- Water fees
- Wastewater fees
- Public art fee
- School impact fee
- Housing impact fee

Regarding the fees included in this study:

- The CFF is a citywide fee that has components for transportation infrastructure (roadways and intersections plus transit, bicycle, and pedestrian facilities), as well as components for storm drain infrastructure and public safety facilities.
- The SWADIF and SEADIF are sub-area fees that fund transportation and utility infrastructure, as well as fire and library facilities. Each fee is only collected within a sub-area (the southwest and southeast quadrants of the city, respectively). Fee revenues can only be spent within the sub-area in which the fee is collected.
- The park impact fee includes two components: an in-lieu fee for parkland acquisition, and a fee for park development.

There are several reasons that the other fees listed on the prior page are not included in this study. The City recently updated its water and wastewater fees to ensure utility infrastructure is adequately funded. The City has no control over the school impact fee that is set by state law and adopted by local school districts. Finally, the public art fee is set at a rate similar to other cities with

such a fee and is not charged to residential development.[4] The City adopted a Public Art Master Plan in 2015, including a recommendation by the consultant to keep public art fees at the status quo.

This report explains the methodology that establishes a reasonable relationship between new development and the need for and use of impact fees, also known as a "nexus analysis". Based on the nexus analysis the report presents a schedule of maximum legal fees by land use category for the CFF and park impact fee. The City may adopt fees up to the maximum amount shown in each fee schedule for each land use category. This report also includes a financial feasibility analysis that examines the potential impact of proposed impact fees on prototype development projects (see Chapter 5).

Current Challenges

The fees included in this study are being updated or initiated because of the following challenges currently faced by the City:

- **Outdated nexus analyses:** The underlying approaches to the nexus analysis for the CFF, SWADIF, SEADIF and park impact fees have not been updated for over 20 years. The SWADIF and SEADIF were adopted in 1995 following adoption of those specific area plans in 1994. The CFF program was adopted in 1997 following adoption of the City's 1996 General Plan. The park impact fee was also adopted in 1995 and revised in 2002. The City has updated capital project costs more recently, and generally increased fees annually to account for inflation.
- **Geographic constraints:** The SWADIF, SEADIF, and park impact fee have requirements to spend revenues in specific geographic areas, constraining the City's ability to address citywide needs. Thirty years ago, as the City was expanding, this approach made sense to isolate capital improvement needs and funding within sub-areas. The City is now more highly developed and urbanized, with more infill development, affecting the types and locations of facilities needed to serve future growth.
- **Underfunded capital plans:** A fee program review conducted in fall 2015 found that fee revenue is sufficient to fund only 50 percent of identified capital needs, and adequate non-fee revenues have not been identified.[5] Furthermore, current nexus analyses use buildout of the City's General Plan to identify facility needs. The combined result is a capital project list that is both too extensive to guide near-term expenditure priorities, and

[4] The public art fee applies to commercial development projects exceeding $500,000 in construction costs, and construction projects funded by the City's general fund.

[5] Walter F. Kieser, "Development Impact Fee Review Study Session #1", presentation to City of Santa Rosa City Council, August 18, 2015, p. 27.

too expensive to fund within a reasonable planning horizon (typically 20 years).

- **Uncertain development demand and capacity:** Recent trends in housing production remain substantially below the average for the past 30 years, raising questions about the amount of capital facilities needed to serve growth within a reasonable planning horizon. Replacement of housing lost during the recent fires are excluded from this analysis because these projects would not be subject to the impact fees. Furthermore, the impact of mitigation requirements for endangered species, specifically the California tiger salamander, could affect both land supply and the cost of new public facilities.
- **Challenging market conditions:** High construction costs, limited land supply, and long entitlement processes are inhibiting real estate market investment. Any increases in the level of exactions imposed by the City on development projects, such as higher impact fees, needs to be considered in this context.

Study Objectives

This report is a supporting document for adoption and implementation of impact fees by the City. The study's objectives are described in the subsections, below.

Comply with the Mitigation Fee Act

California local agencies may adopt impact fees under authority granted by the Mitigation Fee Act (the Act), contained in Sections 66000 to 66025 of the *California Government Code*. The primary purpose of this report is to substantiate the findings required by the Act for adopting or increasing an impact fee. The key findings required by the Act and documented by this report relate to the following reasonable relationships:

- **Impact:** Reasonable relationship between new development and need for public facilities.
- **Benefit:** Reasonable relationship between new development and the use of fee revenue for public facilities to accommodate that development.
- **Proportionality:** Reasonable relationship between the amount of the fee and the proportionate cost of public facilities attributable to new development.

Together these three key findings define the nexus between the impact of development, the amount of the fee, and the benefits received.

The Act also requires findings regarding the purpose of the fee, and a description of the public facilities to be funded by the fee. This report fulfills these requirements by describing the types of facilities eligible for funding by each fee. This report also identifies specific capital projects that could be funded by each fee and are indicative of the City's current capital improvement plans. Unlike the current nexus analysis, these plans and lists may be revised by the City without requiring that the underlying nexus analysis or associated funding plans be altered.

Use Market-Based Growth Forecasts

The study utilizes a market-based growth forecast for a 24-year planning horizon. This planning horizon provides the basis for estimating fee revenues and identifying facility needs. To facility rationale capital improvement planning, the study uses adopted service level standards when available to identify facility needs. This approach helps the City focus on near term needs and identify realistic alternative revenue sources to cover funding gaps.

Increase Flexibility to Use Fee Revenue Citywide

The City's major sub-area fee programs (SWADIF and SEADIF) are winding up. Many of the public improvements associated with those fees have been constructed. Moreover, less than 20 percent of future growth over the 20-year planning horizon is forecast to occur in these two sub-areas. At the same time, future growth will include more infill development in downtown and near transit stations, while outlying areas will continue to buildout.

These development trends suggest that the City's infrastructure and facilities needs may not be focused in any one area, nor will they be associated as much with major expansion projects. Rather, the City needs the flexibility to apply fee revenues where needed citywide through a variety of smaller projects such as bicycle and pedestrian improvements or fire station relocations.

Consider Financial Feasibility

The City has policy priorities in addition to funding capital improvements required to accommodate growth. The City also seeks to ensure that exactions imposed on new development (of which impact fees are a part) do not unreasonably inhibit real estate investment in the City. Cities often do not adopt the maximum impact fee justified by a nexus analysis to avoid a negative economic impact. Therefore, this study includes a financial feasibility analysis that examines recommended fee levels and evaluates potential impacts on development projects under current market conditions.

Report Organization

This report is organized into the following chapters and appendices:

- The *Growth Forecasts* chapter presents the demographic and land use data used in the nexus analysis.
- The *Capital Facilities Fee* chapter explains the nexus analysis and presents the maximum justified fee for the CFF along with termination of the SWADIF and SEADIF.
- The *Park Impact Fee* chapter explains the nexus analysis and presents the maximum justified fee for the park impact fee.
- The *Financial Feasibility Analysis* chapter explains the financial feasibility analysis that informs the impact fee recommendations.
- *Appendix A* provides background information on existing impact fee revenue estimates and capital project lists.

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2. GROWTH FORECASTS

This chapter describes existing land use for 2017 and development forecasts for 2040 used by the nexus analysis in subsequent chapters.

Land Use Categories

Land use categories are used to differentiate the impact of development on the need for infrastructure facilities based on characteristics that vary by land use. For the transportation component of the CFF, the key characteristic is travel demand (trip generation). For the public facilities component of the CFF and for the park impact fee, the key characteristic is the number of residents or workers. The land use categories used in this nexus analysis are described below:

- Single Family – Attached and detached single family dwelling units
- Multifamily – Apartments, live/work units, and condominiums
- Office - Office uses including medical office
- Retail/Commercial - Retail and service commercial uses
- Institutional – Institutional uses including schools and churches
- Hotel – Visitor lodging uses
- Industrial – Industrial uses including business parks.

The City's current fee schedules are based on a more detailed list of land use categories. For example, the CFF, SWADIF, and SEADIF schedules include six residential land use categories and nine nonresidential categories. The nexus analysis uses more aggregate categories due to limitation of the data available for developing growth forecasts. The City has the discretion to impose fees using more detailed categories, resulting in a closer relationship between the type of development project and the amount of the fee.

Existing Land Use

Existing development in the City as of 2017 provides a baseline for the nexus analysis. Existing development is expressed both in terms of residents and housing units, and workers and building space. Existing development is used to calculate the City's existing public facility standards and level of investment. As explained in the following chapters, the current level of investment per unit of demand serves to establish the need for new development to contribute to improvement and expansion of existing infrastructure and public facilities.

Growth Forecasts

Growth forecasts reflect recent trends, market information gathered through reports produced by local brokers, and interviews with local developers and brokers. Interviews help inform and supplement the data analysis by providing information on local development trends and specific opportunities and constraints. These constraints include mitigation requirements related to the California Tiger Salamander, an endangered species in Sonoma County.

Residential Forecasts

The consultant team prepared residential growth forecasts separately for single-family units (single-family detached and single-family attached) and multi-family units (condominiums and apartments). The analysis began with an evaluation of the number of units permitted per year in the City. Data was provided by City staff. The annual number of permitted units fluctuated greatly over the years. The average number of permits issued per year for the period between 2000 and 2015 was used to develop a reasonable and conservative growth estimate based on recent trends. This approach yields a figure consistent with the other market information that was gathered. These average annual figures are multiplied by the number of years in the planning horizon, 2017 to 2040 (24 years), to estimate total citywide net new single-family and multi-family units.

Growth forecasts were prepared for three subareas: the SWADIF and SEADIF fee zones, and the Roseland annexation area. The SWADIF and SEADIF estimates are needed to estimate lost revenue from the termination of those fees. The Roseland annexation area estimates are needed because the annexation occurred as this study was underway and provided additional, though limited, growth potential for the City.

To estimate residential growth in these subareas a capture rate was applied to the citywide estimate of net new single-family and multi-family units. These capture rates are based on the current proportion of the residential units contained within these subareas.

Next, these capture rates were adjusted based on current market information. The SWADIF was expected subarea to benefit from adoption of the Roseland Area/Sebastopol Road Specific Plan, as well as the presence of several "priority development areas" designated by the Metropolitan Transportation Commission. Qualitative information gathered through interviews with developers and brokers confirmed this assumption. The SWADIF capture rate is increased slightly to reflect this expectation.

Nonresidential Forecasts

Commercial development forecast is based on the average number of square feet of commercial development permitted by the City between 2002 and 2015. This approach yields a figure consistent with other market information that was gathered. These average annual figures are multiplied by the number of years in the planning horizon, 2017 to 2040 (24 years), to estimate total citywide net new citywide nonresidential building square feet.

To allocate growth by subarea, capture rates reflecting current nonresidential development by land use (office, retail/commercial, institutional, hotel and industrial) were applied to citywide net new development.

Table 2.1 presents the growth forecasts used in this study. Estimates of 2017 residents and dwelling units came from the California Department of Finance. Estimates of 2017 employees and nonresidential square footage are based on data from the City of Santa Rosa, the Association of Bay Area Governments (ABAG) and the analysis described above.

Occupancy Density Assumptions

The CFF and park impact fee are in part calculated based on the number of residents per dwelling unit, or the number of employees per thousand square feet of nonresidential space. These assumptions are based on the latest citywide population and housing estimates prepared by the U.S. Census Bureau, and survey data for nonresidential land uses from other jurisdictions. These assumptions are shown below in **Table 2.2**. As shown in the table, the number of residents per dwelling unit is nearly identical for single and multifamily dwelling units, a trend that has been exhibited in other cities.

Table 2.1: Growth Forecasts

	2017	2040	Growth [1] 2017-2040
Residential			
Population	173,344	209,164	35,820
Dwelling Units			
Single family	47,083	55,483	8,400
Multifamily	22,031	27,331	5,300
Total	69,114	82,814	13,700
Nonresidential			
Employees	82,130	97,180	15,050
Building Square Feet (000s)			
Office	6,576	7,628	1,052
Retail/Commercial	9,715	11,269	1,554
Institutional	3,578	4,150	572
Hotel	596	691	95
Industrial	9,053	10,502	1,449
Total	29,517	34,240	4,723

[1] Includes growth in Roseland annexation area.

Sources: California Department of Finance; Association of Bay Area Governments; City of Santa Rosa, Strategic Economics.

Table 2.2: Occupant Density Assumptions

Residential		
Single Family	2.67	residents per dwelling unit
Multifamily	2.14	residents per dwelling unit
Nonresidential		
Office	4.00	workers per 1,000 bldg. sq. ft.
Retail/Commercial	3.33	workers per 1,000 bldg. sq. ft.
Institutional	3.34	workers per 1,000 bldg. sq. ft.
Hotel	1.36	workers per 1,000 bldg. sq. ft.
Industrial	2.50	workers per 1,000 bldg. sq. ft.

Sources: Tables B25024 and B25033, 2016 American Community Survey 1-Year Estimates, U.S. Census Bureau; Strategic Economics.

3. CAPITAL FACILITIES FEE

Introduction

To increase the City's ability to apply fee revenues citywide as needed in response to future development trends, this impact fee program update recommends termination of the SWADIF and SEADIF. The updated CFF presented in this chapter is designed to integrate the remaining capital improvements included in those sub-area fees. The update CFF is increased to offset the revenue loss from those two sub-area fees.

The updated CFF presented in this chapter is designed to fund infrastructure and facilities that support the following public services that are supported by the existing CFF, SWADIF, and SEADIF:

- Multimodal transportation, including support for private vehicles, transit vehicles, bicycles, and pedestrians
- Public safety services, including police and fire
- Library services
- Storm drainage.

In addition, the updated CFF provides additional flexibility to fund infrastructure and facilities that support services not funded by the City's other impact fees. These services include those associated with city administration, planning and economic development, and public works (excluding infrastructure funded by the City's water and wastewater fees).

In this chapter, "capital facilities" refers to the land, transportation infrastructure, buildings, vehicles, furnishings, equipment, and related capital assets needed to support the services listed above.

Purpose of the Fee

The purpose of the CFF is to fund capital improvements to accommodate the impact of new development on transportation, public safety, library, and storm drain facilities and infrastructure. The CFF may also fund capital improvements to accommodate the impact of new development on city administration, planning and economic development, and public works (excluding infrastructure funded by the City's park impact fee and water and wastewater fees).

Nexus Methodology Summary

The CFF nexus methodology is summarized below in terms of the key findings required by the Mitigation Fee Act presented in the Chapter 1. More detail is provided in the sections that follow.

- **Impact:** The impact of new development on the need for infrastructure and facilities supported by the CFF is based on the City's existing facility standard. This standard is based on the City's current inventory of capital assets used to provide the services associated with CFF infrastructure and facilities. The maximum justified CFF is the amount needed to maintain the City's current level of investment in these assets per unit of service demand, as service demand increases from new development.
- **Benefit:** The use of fee revenues benefits new development citywide because the infrastructure and facilities funded by the CFF support services available to all residents, business, and visitors citywide. To further ensure benefits accrue to new development, fee revenues may only be used to upgrade or expand infrastructure and facilities, and not for routine capital maintenance and replacement.
- **Proportionality:** The CFF represents the impact associated with new development expressed per unit of service demand, such as per person trip or per resident/worker. Thus, the amount of the fee on a development project is proportionate to the cost of infrastructure and facilities attributable to that development project.

CFF Transportation Infrastructure Component

The transportation infrastructure component of the CFF is described in the subsections that follow.

Existing and Forecast Travel Demand

The transportation infrastructure component of the CFF is designed to address and manage the impacts of additional travel demand from new development. Strategies may include not only managing vehicle impacts, but also shifting demand to other transportation modes such as transit, biking, and walking. Shifting demand to alternative modes becomes more common as a city like Santa Rosa as it builds out and options for increasing roadway capacity to accommodate additional vehicles diminishes.

The first step is to estimate existing and future travel demand within the City for all modes of transportation. The nexus analysis uses person trip generation rates by land use to reflect variations in travel demand among land uses. This approach provides a reasonable relationship between the type of development

that would pay the fee, the amount of the fee, and the cost of transportation infrastructure needed to accommodate that development.

The nexus analysis measures the impact by type of development on the transportation system using rates of person trip generation by land use category. Trips occur between origins and destinations such as from home to work, or from work to shopping, or from shopping back to home. Trip generation rates by land use category are a reasonable measure of travel demand, or the desire for mobility by residents and workers to access homes, jobs, shopping, recreation, and other activities. For the purposes of the nexus analysis trip generation represents the movement by one person on a typical weekday from one activity to another regardless of travel mode (driving, riding transit, biking, or walking). Trip generation rates reflect "trip ends" with each trip having two trip ends.

Table 3.1 shows the average weekday trip generation rates for the land use categories used in the nexus analysis. Some trip ends from new development do not place additional demands on transportation infrastructure. These trip ends are intermediate stops between the origin and final destination. Table 3.1 includes an adjustment for primary trip shares that represent the share of total trip ends that are an origin or final destination and excludes intermediate trip ends.

Based on the trip generation rate and the primary trip share adjustment, Table 3.1 calculates a travel demand factor for each land use category and subcategory. Travel demand factors are expressed as equivalent dwelling units (EDU). EDUs provide a method to aggregate demand across all residential and nonresidential development by converting trip generation rates to travel demand per housing unit for residential uses and per 1,000 building square feet for nonresidential uses. One EDU equals the demand from one single family dwelling unit. EDU factors for all other land uses are calculated relative to one single family dwelling unit.

Table 3.2 shows the estimated growth in travel demand from new development from 2017 to 2040 based on the growth forecasts presented in Chapter 2. The transportation impact fee would fund improvements and expansion to citywide transportation infrastructure to accommodate new development's increased travel demands.

Table 3.1: Trip Rates

Equivalent Dwelling Unit (EDU) Factors

	A		*B*		*C = (A x B) / ($A_{single\ family}$ x $B_{single\ family}$)*
Land Use	**Average Daily Trip Rate**	**ITE Land Use Category**	**Primary Trip Share[1]**	**SANDAG Land Use Category**	**EDU Factor**
Residential					
Single Family	9.52	Single Family Homes - 210	0.86	Residential	1.00
Multifamily	6.65	Apartment - 220	0.86	Residential	0.70
Nonresidential					
Office	11.03	General Office - 710	0.77	Standard Commercial Office	1.04
Retail	42.70	Shopping Center - 820	0.47	Community Shopping Center	2.45
Institutional	18.59	See Note 2	0.65	See Note 2	1.48
Hotel	11.13	Hotel - 310, Motel - 320[3]	0.58	Lodging	0.79
Industrial	6.97	General Light Industrial - 110	0.79	Industrial/Business Park	0.67

[1] Primary trip ends are origins or final destinations. Excludes intermediate stops (pass-by and diverted trip ends).

[2] Weighted average rate for education (38.0%), government (16.7%), hospital (20.7%), social assistance (5.9%) and cultural (18.7%) land uses.

[3] Average of rates for hotel and motel categories, with rates per room converted based on 620 square feet per room.

Sources: San Diego Association of Governments, *Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region,* April 2002; Institute of Traffic Engineers, *Trip Generation, 9th Edition*; Urban Economics.

Table 3.2: Transportation Demand

Equivalent Dwelling Units (EDU)

		2017		2040		Growth (2017-2040)	
Land Use	**EDU Factor**	**DU or KSF**	**EDU**	**DU or KSF**	**EDU**	**DU or KSF**	**EDU**
Residential (DU)							
Single Family	1.00	47,083	47,083	55,483	55,483	8,400	8,400
Multifamily	0.70	22,031	15,389	27,331	19,092	5,300	3,703
Subtotal		69,114	62,472	82,814	74,575	13,700	12,103
Nonresidential (KSF)							
Office	1.04	6,576	6,821	7,628	7,913	1,052	1,092
Retail	2.45	9,715	23,814	11,269	27,624	1,554	3,810
Institutional	1.48	3,578	5,281	4,150	6,125	572	844
Hotel	0.79	596	470	691	545	95	75
Industrial	0.67	9,053	6,089	10,502	7,063	1,449	974
Subtotal		29,517	42,475	34,240	49,270	4,723	6,795
Total EDU			**104,947**		**123,845**		**18,898**

Note: "DU" is dwelling unit and "KSF" is 1,000 building square feet.

Sources: Tables 2.1 and 3.1.

Inventory of Citywide Transportation Infrastructure

The CFF is designed to provide a flexible funding source for transportation investments throughout the city. This approach avoids segmenting the city into zones for the purposes of calculating the fee. Instead, **the second step** identifies the components of the City's transportation network that connect residential neighborhoods, retail and employment centers, and other destinations. Streets that serve a specific neighborhood and do not provide connectivity between areas are excluded.

By focusing on citywide connectivity, the same development project regardless of location within the city will have a similar impact on this infrastructure. This approach enables fee revenues to be used for improvement and expansion throughout the city as long as the capital project is part of this citywide transportation network.

City staff and the consultant team identified the network of citywide multi-modal transportation infrastructure for the purposes of the nexus analysis. This network is defined as arterials and collectors that provide connectivity between neighborhoods and activity centers within the City, as well as to neighboring communities and regional transportation facilities. This network includes the entire roadway curb-to-curb (vehicle travel lanes, bicycle lanes, and on street parking), as well as adjacent sidewalks, medians, intersection signalization equipment, and off-street paths. The network excludes local streets used primarily for access to one specific neighborhood or development site.

The inventory of Santa Rosa's existing transportation infrastructure that provides this citywide network is summarized in **Table 3.3** and depicted in **Figure 3.1**.

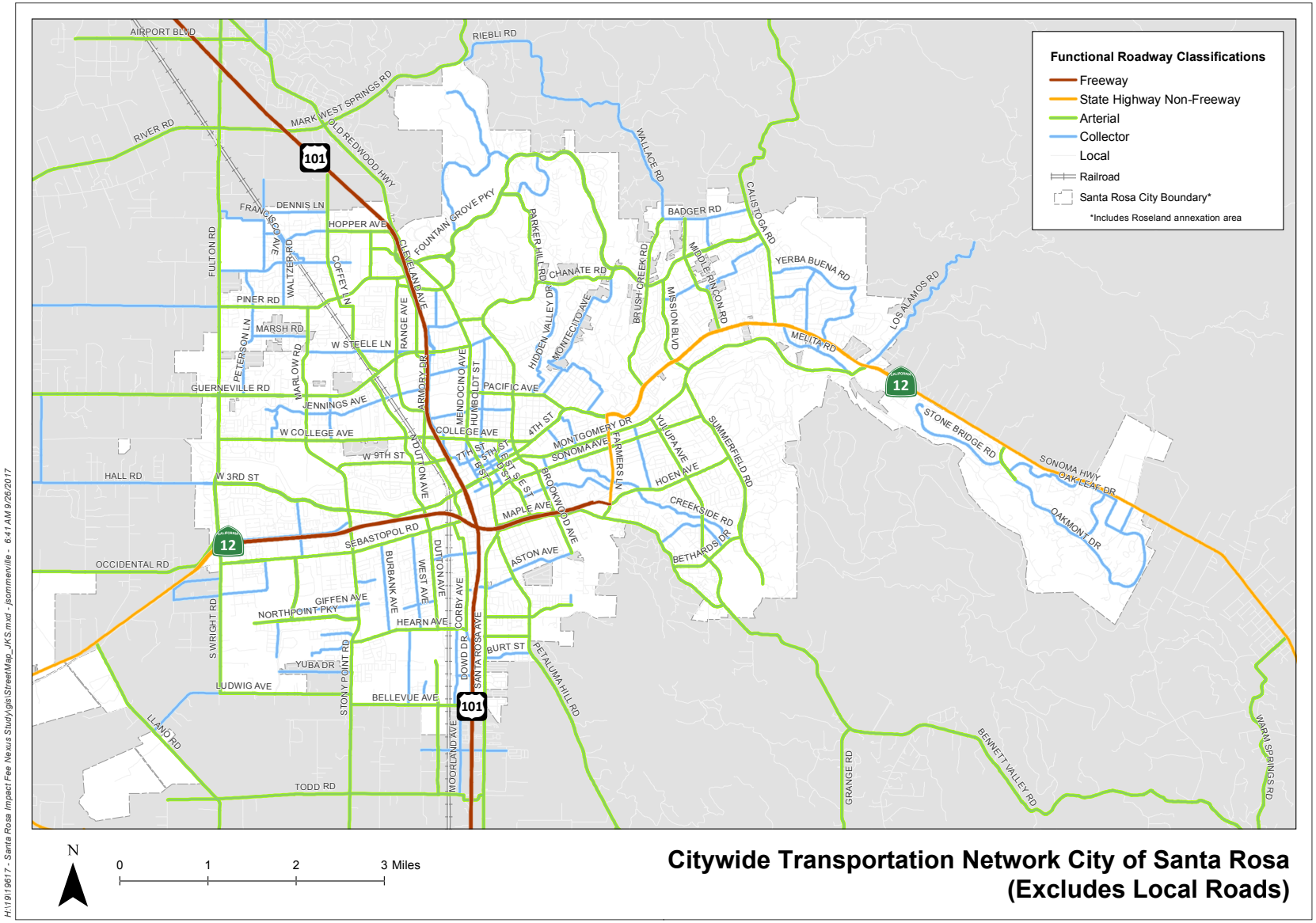
As shown in Table 3.3, based on 2017 replacement costs the total existing value of citywide transportation infrastructure is $2.4 billion. Replacement cost is the current cost of a similar new asset having the nearest equivalent utility as the asset being valued. Unit cost factors used to estimate replacement cost are shown in **Table 3.4**. These cost factors are based on recent capital project costs in the Santa Rosa or nearby cities.

Table 3.3: Citywide Transportation Network Infrastructure Inventory

Infrastructure Type	Length (feet)	Average Width (feet)	Area or Length	Units	Unit Cost (2017 $)	Replacement Value (2017 $)
Roadways						
Arterials	523,406	49	25,591,741	sq. ft.		
Collectors	428,050	34	14,349,557	sq. ft.		
Bike Boulevards	8,301	33	270,280	sq. ft.		
Total			40,211,578	sq. ft.	$41	$1,648,670,000
Sidewalks	1,712,621	5	8,563,105	sq. ft.	32	274,020,000
Curb and Gutter	NA	NA	1,712,621	linear ft.	97	166,120,000
Medians	NA	varies	1,162,052	sq. ft.	24	27,890,000
Off-street Paths	76,560	10	765,600	sq. ft.	24	18,370,000
Traffic Signals	NA	NA	208	signals	400,000	83,200,000
Pedestrian Activated Flashers		NA	53	flashers	200,000	10,600,000
Street lights	NA	NA	16,714	lights	8,100	135,380,000
Total						**$2,364,250,000**

Source: City of Santa Rosa; Table 3.4.

Figure 3.1: Citywide Transportation Network



Citywide Transportation Network City of Santa Rosa (Excludes Local Roads)

Coordinate System: NAD 1983 2011 StatePlane California II FIPS 0402 Ft US

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Table 3.4: Transportation Infrastructure Unit Costs
(Replacement Value, 2017 $)

	A	*B*	*C*	*D = A / (1 - B) x (1 + C)*	
Infrastructure Type	**Construction**	**Project Design & Management[1]**	**Contingency[2]**	**Total Unit Cost**	
Roadways[3]	$ 25	35%	20%	$ 41	per square foot
Sidewalks	20	35%	20%	32	per square foot
Curb and Gutter	60	35%	20%	97	per linear feet
Medians	15	35%	20%	24	per square foot
Off-street Paths	15	35%	20%	24	per square foot
Traffic Signals	400,000	35%	20%	648,000	per signal
Pedestrian Activated Flashers	200,000	35%	20%	324,000	per flasher
Lights	5,000	35%	20%	8,100	per streetlight

[1] Percent of total cost before contingency.

[2] Increment added to construction and project design and management costs.

[3] Includes subgrade grading, 18" aggregate base, 6" asphalt concrete, plus 10% surcharge for curb ramps and driveway aprons. Assumes average street pavement section for an average traffic index (residential, collector, arterial), and average R-value of subgrade quality. Does not include: street furniture, traffic signals, landscaping, street trees, and storm water facilities.

Sources: City of Santa Rosa; Urban Economics.

Facility Inventory Standards and Level of Investment

More travel from new development will increase demands on citywide transportation infrastructure. Consequently, the nexus between new development and the need for citywide transportation infrastructure is based on maintaining the City's existing level of investment in that infrastructure as the City grows.[6]

Thus, **the third step** is to identify the existing facility inventory standard for each component of the transportation infrastructure, such as square feet of roadway per EDU, and sum these individual standards to calculate the overall level of investment per EDU. This existing level of investment per EDU, when combined with the public facilities component of the CFF (see next section) defines that maximum justified contribution from new development to

[6] "Level of investment" is analogous to "level of service" or "facility standard". All three terms reflect quantitative measures used in development impact fee nexus analysis to demonstrate a reasonable relationship between development and the need for improved or expanded public facilities.

upgrade or expand capital facilities. The combined level of investment per EDU establishes the maximum justifiable CFF by land use category.

The existing facility standard and level of investment for transportation infrastructure is shown in **Table 3.5** for each of the infrastructure types shown in Table 3.3. The level of investment is shown per EDU based on total 2017 transportation EDU from Table 3.2.

Though most of the City's transportation infrastructure investment to date has been in roadways designed for private vehicles (see Table 3.3), future investments are likely to shift. In more highly developed cities such as Santa Rosa, it is generally not feasible to widen roadways or intersections to accommodate an increase in vehicle trips. Future investments will need to manage increased travel demand for private vehicle trips as well as encourage increased travel demand for walking, biking, and riding transit.

To allow for flexibility in funding capital projects across all travel modes, Table 3.5 converts the existing level of investment for each transportation infrastructure type to a cost per EDU and calculates a total cost per EDU. Representing new development's obligation as a single dollar amount allows CFF revenues to be used for any type of improvement or expansion to citywide transportation infrastructure.

Table 3.5: Existing Transportation Infrastructure Level of Investment

Infrastructure Type	Inventory		Equivalent Dwelling Units	Existing Inventory Standard	Average Replacement Cost (2017 $)	Existing Level of Investment (2017 $)
	units		*EDU*	*units per EDU*	*per unit*	*investment per EDU*
Roadways	40,211,578	sq. ft.	104,947	383	$41	$15,703
Sidewalks	8,563,105	sq. ft.	104,947	82	32	2,624
Curb & Gutter	1,712,621	linear ft.	104,947	16	97	1,552
Medians	1,162,052	sq. ft.	104,947	11	24	264
Off-street Paths	765,600	sq. ft.	104,947	7	24	168
Signals[1]	208	signals	104,947	1.98	648,000	1,284
Flashers[1]	53	flashers	104,947	0.51	324,000	164
Streetlights	16,714	lights	104,947	0.16	8,100	503
Total						**$23,049**

[1] Existing inventory standard expressed per 1,000 EDUs.

Sources: Tables 3.2 and 3.3.

CFF Public Facilities Component

The public facilities component of the CFF is described in the subsections that follow. The approach mirrors that used for the transportation component.

Inventory of Public Facilities

The first step is to identify the existing inventory of public facilities. This inventory represents the level of investment that the City has made to date for the benefit of existing residents and businesses.

As explained previously, the CFF is designed to provide a flexible funding source for investments throughout the city. This approach avoids segmenting the city into zones for the purposes of calculating the fee. The facilities included in this public facilities inventory provide a citywide network of services.

For example, public safety services (police and fire) are deployed through a system of discrete geographic service areas: districts and beats for police services and station first response areas for fire services. However, personnel and equipment assigned to each of these services areas play an essential role providing backup for incidents in other areas. In addition, the fire and police departments have centrally-deployed resources such as investigative units and emergency command posts. Libraries and storm drain infrastructure represent similar interconnected networks providing a citywide level of service.

The inventory of the City's existing public facilities and their replacement values are shown in **Tables 3.6, 3.7 and 3.8**. Facilities are grouped under the following types:

- **Buildings:** Table 3.6 includes major structures providing public services as well as administrative facilities and certain utility buildings.
- **Land:** Table 3.7 includes land associated with the buildings included the Table 3.6.
- **Storm drain:** Table 3.8 includes pipes and structures that comprise the City's storm drain system.

Table 3.6: Public Facilities Building Inventory

Facility	Address	Building Floor Area *(Sq. Ft.)*	Unit Cost[1]	Building Value[1]
City Administration				
Office Building 2-5	100 Santa Rosa Avenue	14,854	$319	$ 4,731,262
Office Building 6-8	100 Santa Rosa Avenue	22,860	268	6,129,436
Office Building 1, 9-11	100 Santa Rosa Avenue	7,854	368	2,891,111
City Hall Annex	90 Santa Rosa Avenue	27,880	227	6,316,078
Subtotal		73,448	$273	$20,067,887
Public Safety				
Public Safety Building	965 Sonoma Avenue	60,333	$258	$15,581,971
Storage Building	965 Sonoma Avenue	2,896	134	389,435
Fire Station #2	65 Stony Point Road	6,970	205	1,430,031
Fire Station #3	3311 Coffey Lane	4,448	199	884,957
Fire Station #4	1775 Yulupa Avenue	4,251	193	818,958
Fire Station #5	2201 Newgate Court	5,474	181	990,769
Fire Station #6	205 Calistoga Road	3,885	195	757,107
Fire Station #7	6590 Stonebridge Road	2,961	214	634,550
Fire Station #8	830 Burbank Ave.	5,229	181	946,425
Fire Station #10	2373 Circadian Way	18,792	167	3,131,514
Fire Station #11 - Apparatus Building	550 Lewis Road	4,081	207	845,985
Fire Station #11 - Modular Admin Office	550 Lewis Road	2,000	124	248,820
Storage Building #1	2126 West College Ave.	153	82	12,600
Portable Training Office Room 1	2126 West College Ave.	2,196	86	188,991
Portable Training Office Room 2	2126 West College Ave.	960	86	82,468
Portable Training Office Room 3	2126 West College Ave.	1,520	86	130,576
Storage Building #2	2126 West College Ave.	1,300	88	114,539
Subtotal		127,449	$213	$27,189,696
Libraries				
Rincon Valley Library	6959 Montecito Blvd	16,445	$188	$ 3,089,133
Main Library	211 E Street	29,566	453	13,400,057
Northwest Library	150 Coddingtown Center	8,877	182	1,612,890
Subtotal		54,888	$330	$18,102,080
Multi-Service Center				
Administration/Lab Building	55 Stony Point Road	13,222	$139	$ 1,834,863
Shop Building	55 Stony Point Road	15,260	117	1,780,774
Warehouse Storage Distribution Bldg.	55 Stony Point Road	14,762	129	1,901,340
Garage Building Vehicle Maintenance	55 Stony Point Road	31,833	145	4,607,624
Vehicle Storage Shed	55 Stony Point Road	7,812	45	354,493
Wash Station Building	55 Stony Point Road	1,325	201	265,731
Steam Cleaning Station Building	55 Stony Point Road	448	228	101,940
Transit Building	45 Stony Point Road	9,459	192	1,815,947
Truck Wash Station #1 Building	55 Stony Point Road	900	220	198,152
Utilities Field Operations Center[2]	35 Stony Point Road	22,268	363	8,088,167
Dept. Of Utility Public Works	69 Stony Circle	31,326	173	5,406,666
Subtotal		148,615	$177	$26,355,697
Total		**404,400**	$227	**$91,715,360**

[1] Based on 2017 depreciated value per square foot. Amounts would be higher if replacement costs were used.

[2] Only training center and offices included at the West College Plant site and all other facilities and land excluded to avoid overlapping with facilities funded by utility connection fees.

Sources: City of Santa Rosa CSAC - EIA Property Schedule, September 30, 2016.

Table 3.7: Public Facilities Land Inventory

Facility	Address	Acres	Unit Cost (2017 $)	Land Value (2017 $)
City Administration				
Office Buildings	100 Santa Rosa Avenue	5.98	$1,000,000	$5,980,000
City Hall Annex	90 Santa Rosa Avenue	0.70	1,000,000	700,000
Subtotal		6.68		$6,680,000
Public Safety				
Public Safety Buildings	965 Sonoma Avenue	3.15	$1,000,000	$3,150,000
Fire Station #2[1]	65 Stony Point Road	1.00	1,000,000	1,000,000
Fire Station #3	3311 Coffey Lane	0.43	1,000,000	429,000
Fire Station #4	1775 Yulupa Avenue	0.47	1,000,000	474,700
Fire Station #5	2201 Newgate Court	0.75	1,000,000	750,000
Fire Station #6	205 Calistoga Road	0.28	1,000,000	283,800
Fire Station #7	6590 Stonebridge Road	0.41	1,000,000	412,300
Fire Station #8	530 Burbank Ave.	0.32	1,000,000	320,000
Fire Station #10	2373 Circadian Way	1.28	1,000,000	1,282,500
Fire Station #11	550 Lewis Road	0.64	1,000,000	643,700
Office & Storage Bldgs.	2126 West College Avenue	3.30	1,000,000	3,300,000
Subtotal		12.05		$12,046,000
Libraries				
Rincon Valley Library	6959 Montecito Blvd	1.62	$1,000,000	$1,620,000
Main Library	211 E Street	0.77	1,000,000	770,000
Northwest Library	150 Coddingtown Center	0.77	1,000,000	770,000
Subtotal		3.16		$3,160,000
Multi-Service Center				
Various Buildings[1]	45-55 Stony Point Road	17.95	$1,000,000	$17,950,000
Trans. & Public Works	69 Stony Circle	1.81	1,000,000	1,810,000
Subtotal		19.76		$19,760,000
Total		**41.65**		**$41,646,000**

[1] Fire Station #2 included on same parcel as 45-55 Stony Point Rd. One acre of total parcel area allocated to station.

Sources: City of Santa Rosa CSAC - EIA Property Schedule, September 30, 2016.

Table 3.8: Public Facilities Storm Drain Inventory

Facility	Inventory		Unit Cost[1]	Value[1]
Structures[2]				
Catch basins	8,167	basins	$1,260	$10,290,420
Drop inlets	2,570	inlets	983	2,525,025
Manholes	4,226	manholes	1,920	8,113,920
Outfalls	1,218	outfalls	90	109,620
Subtotal	NA			$21,038,985
Pipes by Diameter				
Unknown	26,400	linear feet	$45	$1,188,000
4" – 12"	67,056	linear feet	45	3,017,520
15"	441,936	linear feet	45	19,887,120
18"	251,856	linear feet	45	11,333,520
21" - 24"	327,360	linear feet	45	14,731,200
27" – 30"	163,680	linear feet	45	7,365,600
33" – 36"	144,672	linear feet	45	6,510,240
42" - 48"	146,784	linear feet	45	6,605,280
54"	52,272	linear feet	45	2,352,240
60" - 66"	42,768	linear feet	45	1,924,560
72"	35,904	linear feet	45	1,615,680
>72"	23,760	linear feet	45	1,069,200
Subtotal	1,724,448	linear feet		$77,600,160
Elliptical Pipes by Size				
Small	4,224	linear feet	$45	$190,080
Medium	3,168	linear feet	45	142,560
Large	4,752	linear feet	45	213,840
Subtotal	12,144	linear feet		$546,480
Total				**$99,185,625**

[1] All inventory assumed to be fully depreciated with remaining use value equal to 30% of current replacement cost. Amounts in 2017 $.

[2] Excludes junction boxes, pipe inlets, pumps and treatment structures.

Source: City of Santa Rosa.

Existing and Forecast Public Facility Demand

The second step is to estimate existing and future demand for public facilities. The nexus analysis uses "service population", the number of residents and workers by land use. Service population is a reasonable indicator of facility demand for public facilities because it is reasonably related to public service demand, and public service demand is reasonably related to public facility needs. This approach provides a reasonable relationship between the type of

development that would pay the fee, the amount of the fee, and the cost of public facilities needed to accommodate that development.

Household population is used to represent service demand from residential land uses. Household population excludes persons living in group quarters. Group quarters include, for example, dormitories, adult care facilities, and detention facilities. Group quarters are excluded from the calculation of service population because service demand from these facilities is represented by the employment related to these facilities and therefore included in the employment portion of the service population estimate.

Employment is used to represent service demand from nonresidential land uses. Employment includes employees, partners, and owners, collectively referred to as "employees" in the nexus analysis. Estimates exclude the following types of workers:

- Local public employment (City of Santa Rosa and local school districts) is excluded because local public service demand is reasonably related to private and other public development. Therefore, public facilities impact from growth in local government employment is attributed to growth in private and other public development.
- On-site construction employment is excluded because it is reasonably related to growth in all other land use categories.
- Home business employment is excluded because it is included in the residential (household) service population.

Surveys by other local government agencies have indicated that service demand from one worker is typically less than demand from one resident. This result is reasonable because nonresidential buildings are typically occupied less intensively (fewer hours of the day) than housing units. These surveys also indicate that the degree to which per worker service demand is less than per resident demand varies by type of public service. Taken as a whole these surveys indicate that, relative to residents: (1) employment should be weighted by a factor less than one, and (2) this weighting should vary depending on the type of public service, before adding employment to residents to calculate service population.

Public safety services (fire and police) are 24-hour services provided to all land uses. Services associated with libraries and park and recreation services are more typically provided during the day. This difference is supported by the results of surveys of service demand that indicate a higher level of demand per worker for public safety compared to libraries and parks. For the purposes of this nexus analysis, storm drain services are considered like public protection services in terms of nonresidential land use demand (24-hour).

Based on the survey data and analysis explained above, this nexus analysis assumes the following worker demand factors (relative to one resident) to calculate service demand for public facilities:

- 0.70 for fire, police, and storm drain services
- 0.20 for library and parks and recreation services
- 0.31 for city administrative services.

An overall worker demand factor for the nexus analysis is based on these individual demand factors weighted by the City's level of investment in its public facilities. The overall worker demand factor is shown in **Table 3.9**.

Table 3.9: Average Demand per Worker

	Capital Facilities Value (2017 $)				
Facility Type	**Land**	**Buildings**	**Total**	**Share**	**Demand per Worker[1]**
City Administration	$6,680,000	$20,070,000	$26,750,000	12%	0.31
Public Safety	12,050,000	27,190,000	39,240,000	17%	0.70
Libraries	3,160,000	18,100,000	21,260,000	9%	0.20
Multi-Service Center	19,760,000	26,360,000	46,120,000	20%	0.31
Storm Drain	NA	NA	99,190,000	43%	0.70
Total / Average	**$41,650,000**	**$91,720,000**	**$232,560,000**	**100%**	**0.53**

[1] Demand per worker is relative to one resident and based on surveys of residential and nonresidential service demand from multiple local agencies.

Source: Tables 3.6, 3.7 and 3.8; Urban Economics.

Table 3.10 calculates total existing (2017) demand for public facilities based on equivalent housing units (EDU). EDU factors are based on the resident or worker density by land use type (residents per housing unit and workers per 1,000 building square feet), and the worker demand factors discussed above. EDUs provide a method to aggregate demand across all residential and nonresidential development by converting service population demand to demand per housing unit for residential uses and per 1,000 building square feet for nonresidential uses. One EDU is equated to the demand from one SFD unit. EDU factors for all other land uses are calculated relative to one SFD unit.

Table 3.11 shows the level of existing and new citywide development from Table 2.1 converted to EDUs based on the factors from Table 3.10. The number of EDUs represent the level of demand for public facilities.

Table 3.10: Equivalent Dwelling Unit (EDU) Factors

Land Use		Density	Worker Weight	EDU[1] Factor
Residential				
Single family	2.67	residents per dwelling unit	1.00	1.00
Multifamily	2.14	residents per dwelling unit	1.00	0.80
Nonresidential				
Office	4.00	workers per 1,000 bldg. sq. ft.	0.53	0.79
Retail/Commercial	3.33	workers per 1,000 bldg. sq. ft.	0.53	0.66
Institutional	3.34	workers per 1,000 bldg. sq. ft.	0.53	0.66
Hotel	1.36	workers per 1,000 bldg. sq. ft.	0.53	0.27
Industrial	2.50	workers per 1,000 bldg. sq. ft.	0.53	0.50

[1] Density multiplied by worker weight and normalized so that one single family unit equals 1.0 EDU. EDU factor expressed per dwelling unit or per 1,000 building square feet.

Sources: Tables 2.2 and 3.9.

Table 3.11: Public Facilities Demand
Equivalent Dwelling Units (EDU)

		2017		2040		Growth 2017-2040	
Land Use	EDU Factor	DU or KSF	EDU	DU or KSF	EDU	DU or KSF	EDU
Residential							
Single Family	1.00	47,083	47,083	55,483	55,483	8,400	8,400
Multifamily	0.80	22,031	17,658	27,331	21,906	5,300	4,248
Subtotal		69,114	64,741	82,814	77,389	13,700	12,648
Nonresidential							
Office	0.79	6,576	5,221	7,628	6,057	1,052	836
Retail	0.66	9,715	6,422	11,269	7,449	1,554	1,027
Institutional	0.66	3,578	2,372	4,150	2,752	572	380
Hotel	0.27	596	161	691	186	95	25
Industrial	0.50	9,053	4,493	10,502	5,212	1,449	719
Subtotal		29,517	18,669	34,240	21,656	4,723	2,987
Total EDU			**83,410**		**99,045**		**15,635**

Note: "DU" is dwelling unit and "KSF" is 1,000 building square feet.
Sources: Tables 2.1 and 3.10.

Facility Inventory Standards and Level of Investment

More residents and workers from new development will increase demands on citywide public facilities. The nexus between new development and the need for public facilities is based on maintaining the City's existing level of

investment in those public facilities as the City grows.[7] Thus, **the third step** is to identify the existing level of investment in these public facilities per unit of development.

This existing level of investment is based on existing facility inventory standards that define the level of service currently provided existing development. The existing inventory standard and level of investment is shown in **Table 3.12** for each of the public facilities types shown in Tables 3.6, 3.7 and 3.8. The level of investment is shown per EDU based on total 2017 public facilities EDUs from Table 3.11.

Table 3.12: Existing Public Facilities Level of Investment

Facility Type	Inventory	Equivalent Dwelling Units	Existing Inventory Standard	Average Depreciated Cost (2017 $)	Existing Level of Investment (2017 $)
	units	*EDU*	*units per EDU*	*per unit*	*investment per EDU*
City Administration	73,448 sq. ft.	83,410	0.88	$ 273	$ 240
Public Safety	127,449 sq. ft.	83,410	1.53	213	326
Libraries	54,888 sq. ft.	83,410	0.66	330	218
Multi-Service Center	148,615 sq. ft.	83,410	1.78	177	315
Land	41.65 acres	83,410	0.0005	1,000,000	500
Storm Drain	1,736,592 linear ft.	83,410	20.82	45	937
Total					**$2,536**

Sources: Tables 3.6, 3.7, 3.8 and 3.11.

The City's public facilities investments to accommodate growth may not necessarily reflect the types of investments made to date. For example, it may not make sense to build a new fire station but rather to relocate an existing station to better serve growth. To allow for a shift in investment, Table 3.12 calculates the combined level of investment for all public facility types per EDU. Representing new development's obligation as a single dollar amount allows CFF revenues to be used for any type of improvement or expansion to existing public facilities.

[7] "Level of investment" is analogous to "level of service" or "facility standard". All three terms reflect quantitative measures used in development impact fee nexus analysis to demonstrate a reasonable relationship between development and the need for improved or expanded public facilities.

Capital Facilities Fee – Maximum and Proposed

Table 3.13 calculates the maximum justified CFF. The fee is based on the existing level of investment per EDU for the two fee components (transportation and public facilities), multiplied by the EDU factor for each component, by land use category. The total cost of $25,585 per EDU ($23,049 + $2,536) represents the maximum justified CFF that new development could be required to contribute to maintain the City's existing level of investment in capital facilities.

Table 3.13: Maximum Justified Capital Facilities Fee

	A	*B*	*C*	*D*	*E = (A x B) + (C x D)*	
	Transportation Infrastructure		**Public Facilities**			
Land Use	**Investment Per EDU**	**EDU Factor**	**Investment Per EDU**	**EDU Factor**	**Maximum Justified Capital Facilities Fee[1]**	
Residential						
Single Family	$ 23,049	1.00	$ 2,536	1.00	$ 25,585	per DU
Multifamily	23,049	0.70	2,536	0.80	18,133	per DU
Multifamily						
Office	$ 23,049	1.04	$ 2,536	0.79	$ 25.92	per SqFt
Retail/Commercial	23,049	2.45	2,536	0.66	58.18	per SqFt
Institutional	23,049	1.48	2,536	0.66	35.70	per SqFt
Hotel	23,049	0.79	2,536	0.27	18.86	per SqFt
Industrial	23,049	0.67	2,536	0.50	16.76	per SqFt

Note: "EDU" is equivalent dwelling unit, "DU" is dwelling unit, and "SqFt" is square foot.

[1] For nonresidential land uses, total fee is divided by 1,000.

Sources: Tables 3.1, 3.5, 3.10 and 3.12.

The maximum justified fee in Table 3.13 would be higher if it included the one percent charge for fee program administration that is funded by the current CFF. This additional cost has a nexus to new development because it funds costs necessary to implement the fee program.

The proposed CFF is shown in **Table 3.14**. As explained in Chapter 1 and at the beginning for this chapter, the proposed CFF is revenue neutral, based on generating the same amount of revenue that would be generated under the existing combined CFF, SWADIF, and SEADIF. The proposed fee is substantially less than the maximum justified fee shown in Table 3.13.

Table 3.14: Existing & Proposed CFF / SWADIF / SEADIF Schedule

Quadrant & Land Use	Unit	Existing CFF	Existing SWADIF/ SEADIF	Existing Total	Proposed (CFF Only)	Change
Northwest Quadrant						
Residential[1]						
Very Low Density	per DU	$7,108	$-	$7,108	$9,129	28%
Low Density	per DU	6,234	-	6,234	8,007	28%
Medium-Low Density	per DU	5,706	-	5,706	7,329	28%
Medium Density	per DU	5,082	-	5,082	6,522	28%
Medium-High Density	per DU	4,230	-	4,230	5,433	28%
Accessory Dwelling Unit	per DU	4,230	-	4,230	5,433	28%
Nonresidential						
Retail	per SqFt	$11.89	$-	$11.89	$14.16	19%
Commercial	per SqFt	7.12	-	7.12	9.14	28%
Office	per SqFt	4.97	-	4.97	6.38	28%
Industrial	per SqFt	3.02	-	3.02	3.88	28%
Mini Warehouse	per SqFt	1.20	-	1.20	1.54	28%
Congregate Care Facility	per Room	1,097	-	1,097	1,408	28%
Churches	per SqFt	0.93	-	0.93	1.19	28%
Private Schools	per SqFt	4.87	-	4.87	6.25	28%
Drug Rehabilitation Center	per SqFt	4.74	-	4.74	6.08	28%
Northeast Quadrant						
Residential[1]						
Very Low Density	per DU	$7,108	$-	$7,108	$9,129	28%
Low Density	per DU	6,234	-	6,234	8,007	28%
Medium-Low Density	per DU	5,706	-	5,706	7,329	28%
Medium Density	per DU	5,082	-	5,082	6,527	28%
Medium-High Density	per DU	4,230	-	4,230	5,433	28%
Accessory Dwelling Unit	per DU	4,230	-	4,230	5,433	28%
Nonresidential						
Retail	per SqFt	$11.89	$-	$11.89	$14.16	19%
Commercial	per SqFt	7.12	-	7.12	9.14	28%
Office	per SqFt	4.97	-	4.97	6.38	28%
Industrial	per SqFt	3.02	-	3.02	3.88	28%
Mini Warehouse	per SqFt	1.20	-	1.20	1.54	28%
Congregate Care Facility	per Room	1,097	-	1,097	1,408	28%
Churches	per SqFt	0.93	-	0.93	1.19	28%
Private Schools	per SqFt	4.87	-	4.87	6.25	28%
Drug Rehabilitation Center	per SqFt	4.74	-	4.74	6.08	28%

Table 3.14: Existing & Proposed CFF / SWADIF / SEADIF Schedule (continued)

Quadrant & Land Use	Unit	Existing CFF	Existing SEADIF/ SWADIF	Existing Total	Proposed (CFF Only)	Change
Southwest Area Development Impact Fee Zone						
Residential[1]						
Very Low Density	per DU	$7,108	$16,320	$23,428	$9,129	(61%)
Low Density	per DU	6,234	13,922	20,156	8,007	(60%)
Medium-Low Density	per DU	5,706	12,524	18,230	7,329	(60%)
Medium Density	per DU	5,082	10,650	15,732	6,527	(59%)
Medium-High Density	per DU	4,230	8,164	12,394	5,433	(56%)
Accessory Dwelling Unit	per DU	4,230	8,164	12,394	5,433	(56%)
Nonresidential						
Retail	per SqFt	$3.78	$9.33	$13.11	$14.16	8%
Commercial	per SqFt	7.12	9.33	16.45	9.14	(44%)
Office	per SqFt	4.97	11.40	16.37	6.38	(61%)
Industrial	per SqFt	3.02	8.12	11.14	3.88	(65%)
Mini Warehouse	per SqFt	1.20	2.33	3.53	1.54	(56%)
Congregate Care Facility	per Room	1,097	1,688	2,785	1,408	(49%)
Churches	per SqFt	0.93	0.85	1.78	1.19	(33%)
Private Schools	per SqFt	4.87	3.04	7.91	6.25	(21%)
Drug Rehabilitation Center	per SqFt	4.74	1.86	6.60	6.08	(8%)
Southeast Area Development Impact Fee Zone						
Residential[1]						
Very Low Density	per DU	$7,108	$16,656	$23,764	$9,129	(62%)
Low Density	per DU	6,234	14,018	20,252	8,007	(60%)
Medium-Low Density	per DU	5,706	12,694	18,400	7,329	(60%)
Medium Density	per DU	5,082	11,237	16,319	6,527	(60%)
Medium-High Density	per DU	4,230	6,245	10,475	5,433	(48%)
Accessory Dwelling Unit	per DU	4,230	6,245	10,475	5,433	(48%)
Nonresidential						
Retail	per SqFt	$3.78	$9.32	$13.10	$14.16	8%
Commercial	per SqFt	7.12	9.32	16.44	9.14	(44%)
Office	per SqFt	4.97	9.26	14.23	6.38	(55%)
Industrial	per SqFt	3.02	3.24	6.26	3.88	(38%)
Mini Warehouse	per SqFt	1.20	0.65	1.85	1.54	(17%)
Congregate Care Facility	per Room	1,097	1,291	2,388	1,408	(41%)
Churches	per SqFt	0.93	1.38	2.31	1.19	(48%)
Private Schools	per SqFt	4.87	3.04	7.91	6.25	(21%)
Drug Rehabilitation Center	per SqFt	4.74	1.86	6.60	6.08	(8%)

Note: "DU" is dwelling unit, and "SqFt" is square foot.

Note: Used the approach directed by the SWADIF and SEADIF ordinances for calculating fees for "other uses" to estimate fees for CFF land use categories not reflected in SWADIF or SEADIF schedules. Calculate ratio of trip generation rate for "other use" to rate for retail use, and multiply by applicable SWADIF or SEADIF retail fee. Used p.m. peak hour trip generation rates (see sources).

[1] A density range based on dwelling units per acre defines each residential category as follows: Very Low = 0-2, Low = 2-8, Medium-Low = 8-13, Medium = 13-18, and Medium-High = >18 units per acre.

Sources: City of Santa Rosa, *Master Fee Schedule*, July 2017; Institute of Transportation Engineers, Trip Generation Manual, 9th Edition; Urban Economics.

Table 3.14 includes a comparison of the existing CFF, SWADIF, and SEADIF with the recommended CFF that assumes termination of the SWADIF and SEADIF. As shown in the table, under proposed levels the CFF would increase 28 percent in the northwest and northeast quadrants. The CFF would decrease substantially in the southwest and southeast quadrants because of the termination of SWADIF and SEADIF fees. The increase in the northwest and northeast quadrants offsets the loss of SWADIF and SEADIF revenue. The retail land use category is the only category that does not follow these changes because current CFF retail rates vary between the northwest and northeast versus the southwest and southeast quadrants.

The proposed CFF would generate $140.6 million through the 2040 planning horizon used for this study, as shown in **Table 3.15**. This is the same revenue that would be generated under the existing fee program as shown in **Table A.1** in Appendix A.

Table 3.15: Forecast CFF Revenue

Land Use	Proposed Fee		Growth *DU or SqFt*	Estimated Fee Revenue (2017 $)
Residential				
Single Family	$8,007	per DU	8,400	$67,260,000
Multifamily	6,527	per DU	5,300	34,590,000
Subtotal			13,700	$101,850,000
Nonresidential				
Office	$6.38	per SqFt	1,052,100	$6,720,000
Retail	14.16	per SqFt	1,554,300	22,000,000
Institutional	6.25	per SqFt	572,400	3,580,000
Hotel	9.14	per SqFt	95,300	870,000
Industrial	3.88	per SqFt	1,448,500	5,620,000
Subtotal			4,722,600	$38,790,000
Total				**$140,640,000**

Note: "DU" = dwelling unit and "SqFt" = square foot.
Sources: Tables 2.1 and 3,14.

Implementation

This section provides procedures for implementation of the CFF to remain consistent with the nexus analysis and to meet the requirements of the Mitigation Fee Act.

Fee Expenditure Categories

The current CFF ordinance allocates CFF revenue into six expenditure categories based on facility type, with a specific revenue allocation for each. Two of the facility types relate to roadway improvements (local and regional). The consultant team recommends merging those two categories into a single "roadways and intersections" category. We also recommend several minor changes to category labels to more clearly indicate the intended use of revenue. These changes include:

- Eliminating "local reconstruction" to avoid any indication that revenues could be used for ongoing roadway maintenance because that would not represent an upgrade or expansion of infrastructure to benefit new development.
- Eliminating "sewer" because the CFF is no longer needed to fund sewer infrastructure.
- Change "Regional Public Safety and Fire" to "Public Safety" to clarify that the CFF funds is only for city police and fire facilities.

The proposed changes along with the revenue allocation are shown below in **Table 3.16**.

Table 3.16: CFF Expenditure Categories & Revenue Allocation

Existing		Proposed		
Category	**Share**	**Category**	**Share**	**Revenue Allocation**
Local Transportation, Traffic Signals, Local Reconstruction	19.5%	Roadways & Intersections	62.8%	$ 88,320,000
Regional Transportation	43.3%			
Mass Transit, Bicycle, and Pedestrian	10.7%	Transit, Bicycle & Pedestrian	10.7%	15,050,000
Regional Public Safety and Fire	12.8%	Public Safety[1]	12.8%	18,000,000
Drainage and Sewer	12.7%	Storm Drainage	12.7%	17,860,000
Administrative Costs	1.0%	Fee Administration	1.0%	1,410,000
Total	**100.0%**		**100.0%**	**$140,640,000**

[1] Includes city policy and fire services.

Sources: Santa Rosa Municipal Code Section 2104.060; Table 13.15.

Eligible Use of Funds

To remain consistent with the nexus analysis, CFF revenues must be used only for the following purposes:

- **Capital projects only:** Capital projects include land, buildings, vehicles, furnishings, equipment and all related infrastructure and appurtenances.
- **Specific infrastructure or facility types:** The types of capital projects described in this nexus analysis, including transportation infrastructure located on the citywide transportation network, public safety facilities, library facilities, storm drain infrastructure, or facilities to support city administration, planning and economic development, or public works (excluding infrastructure funded by the City's water and wastewater fees).
- **Upgrade or expansion only:** Upgrade or expansion of existing infrastructure or facilities, and not ongoing maintenance of existing assets. Excludes the use of revenues for rehabilitation unless the capital project results in a significant upgrade or expansion that serves new development.
- **Developer reimbursement**: Reimbursement to developers for infrastructure or facilities that otherwise would be eligible as a CFF expenditure, and that exceeded the developer's fee obligation.
- **Fee administration:** Implementation costs related to compliance with the Mitigation Fee Act including collecting, accounting, and managing expenditure of fee revenues in accordance with the Act, as well as preparing financial reports and nexus studies required to make any necessary findings and determinations under the Act.

Capital Improvement Planning

As discussed in Chapter 1, a key challenge of the existing fee program is the extent of unfunded capital improvements. The consultant team put substantial effort into identifying a preliminary list of capital projects that could reasonably be funded through the 2040 planning horizon given forecast CFF revenue. The consultant team compiled a database of potential capital projects based on a review of all current master facility plans, including:

- Bicycle and Pedestrian Master Plan
- Citywide Creek Master Plan
- Downtown Station Area Specific Plan
- Gateways Redevelopment Area
- Mendocino Avenue Corridor Plan
- North Santa Rosa Station Area Specific Plan

- Northern Downtown Pedestrian Linkages Study
- Roseland Area/Sebastopol Road Specific Plan
- Santa Rosa Avenue Corridor Plan
- Sebastopol Road Urban Vision and Corridor Plan
- Southwest Area Plan
- Southeast Area Plan

The City has a range of additional sources of revenue that could complement impact fee revenue. These sources include existing countywide transportation sales tax revenue and potential voter-approved general obligation bonds. The capital project list developed as part of this study is an initial attempt at focusing the City's capital planning on a realistic assessment of available funds.

That list is summarized by facility type in **Table A.2**, and provided in detail in **Table A.3** in **Appendix A**. The general approach was to identify only those projects clearly needed to maintain service levels as growth occurs. The City is considering a range of additional projects to enhance services that were not considered. Consequently, this project list could be considered a "minimum" capital plan not fully reflective of the community's needs.

Capital projects were identified for each facility type based on the following approach:

- Roadways & Intersection: Modeled traffic conditions using the 2040 land use forecast to identify future deficiencies on the City's roadway network. Capital projects included in the list are needed to maintain the City's roadway level of service standards.
- Bicycle & Pedestrian: Capital projects include all high priority projects identified in the City's 2010 *Bicycle and Pedestrian Master Plan*. The Santa Rosa Transportation and Public Works is in the process of updating the 2010 *Bicycle and Pedestrian Master Plan* and is scheduled for completion in early 2019
- Public Safety: Capital projects identified based on discussion with police and fire department staff. A subset of projects anticipated by buildout are included in the 2040 planning horizon. The phasing, location, and description of projects may change, or new projects may be substituted, to adjust to the timing and location of development. As with all capital project categories, fee revenue can be spent on any project described under *Eligible Use of Funds*, above.
- Storm Drainage: The City does not have a storm drain master facility plan. Staff identify projects on an ongoing basis based on experience with the storm drain system and locations where improvements are needed. Project costs in Table A.2 are set equal to revenues.

As shown in Table A.2, total project costs based on this preliminary list total $336.8 million, or $196.2 million more than anticipated CFF revenue through 2040. However, the City can use CFF revenue to leverage other funding sources. For example, as shown in Table A.2, if 60 percent of the cost of the four interchange projects is funded through sources programmed by the Sonoma County Transportation Authority, and 80 percent of the public safety building is funded through a local general obligation bond, then the funding deficit is reduced to $67.8 million. This amount represents 20 percent of total project costs through 2040.

Annual and Periodic Reporting and Fee Adjustments

The CFF should be adjusted annually for cost inflation. Most of the costs associated with the fee are related to transportation infrastructure and public buildings. Several reasonable indices are available for this purpose, such as those published by the Engineering-News Record.[8]

The City should also comply with the annual and periodic (five-year) reporting requirements included in the Mitigation Fee Act. We recommend concurrent with the five-year review that the City adjust the amount of the fee as appropriate to reflect updated development forecasts, capital improvement needs, and real estate market trends.

Revisions to Ordinances and Resolutions

Below is a list of revisions that would need to be made to fee ordinances and resolutions if the City adopts the recommendations in this chapter. All references are to the City of Santa Rosa Municipal Code.

1. Repeal the SWADIF and SEADIF ordinances (sections 21-05 and 21-06).
2. Revise the CFF ordinance to implement the recommended changes to the fee expenditure categories (sections 21-04.060(A)).
3. Revise the CFF ordinance to eliminate references to a specific list of capital projects as a basis for the fee. Insert language consistent with this nexus study (see *Eligible Use of Funds*, above). Indicate that the Council should budget fee revenues to specific capital projects and other eligible uses as funds become available (sections 21-04.060(B)(1), 21-04.070(A)(3), 21-04.070(B)).
4. Revise the CFF ordinance to eliminate fees on residential additions (sections 21-04.050(D)(1) and 21-04.080(A)).
5. Adopt the proposed CFF schedule by resolution.

[8] See https://www.enr.com/economics.

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4. PARK IMPACT FEE

Introduction

The park impact fee includes the following two components that together fund the acquisition and improvement of neighborhood and community parkland in Santa Rosa:

- **Parkland dedication:** Imposed under authority of the state Quimby Act[9] that allows a local agency to require, as a condition of approval of a tentative or parcel map, dedication of neighborhood or community parkland. An agency may also require payment of a fee in lieu of dedication.
- **Park impact fee:** Instead of a fee in lieu of parkland dedication, the City would charge a park impact fee to fund the total capital cost of parkland acquisition, park development, and special use facilities. The City adopts this fee under authority of the Mitigation Fee Act (see Chapter 1). A developer dedicating parkland under the City's Quimby Act requirements would receive a credit against the park impact fee (see *Implementation* section at the end of this chapter).

Combined, these two components enable the City to require parkland dedication where appropriate, while ensuring that all development contributes a fair share towards the full cost of parkland acquisition and development.

Purpose of the Fee

The purpose of the park impact fee is to fund parkland acquisition and development of park and recreation facilities to accommodate the impact of new development on neighborhood and community parks.

Fee Zones

The City currently imposes slightly different fees across four fee zones citywide. The zones match the four quadrants of the city bisected by Highway 101 and Highway 12. Fees are deposited in separated accounts by zone. The Council has placed a limit on the use of fee revenues for park projects outside

[9] See *California Government Code*, Section 66477,

the zone in which the fee was paid. One-third of fee revenue may be used for any capital project with "citywide" significance.[10]

The proposed changes to the fee described later in this chapter include equalizing the fees across all four zones and allowing a greater share of revenues be used outside the zone in which they were collected.

Nexus Methodology Summary

The park impact fee nexus methodology is summarized below in terms of the key findings required by the Mitigation Fee Act presented in the Chapter 1. More detail is provided in the sections that follow.

- **Impact:** The impact of new development on the need for park and recreation facilities is based on the City's existing parkland inventory equal to three acres of developed parkland per 1,000 residents. The maximum justified park impact fee is the amount needed to maintain this standard as service demand increases from new development.
- **Benefit:** The use of fee revenues benefits new development citywide because the facilities funded by the park impact fee support park and recreation services available to all residents citywide. To promote a closer relationship between the location of development and use of fee revenues, a portion of revenues collected within any one of the four quadrants of the City are expended only on projects within that quadrant. To further ensure benefits accrue to new development, fee revenues may only be used to upgrade or expand park and recreation facilities and not for routine capital maintenance and replacement.
- **Proportionality:** The park impact fee represents the impact associated with new development expressed per resident. Thus, the amount of the fee on a development project is proportionate to the cost of the park and recreation facilities attributable that development project.

Existing and Projected Park and Recreation Facilities Demand

Parks and recreation facilities primarily serve residential development, so residents are a reasonable indicator of demand for park and recreation facilities. Thus, there is a reasonable relationship between resident (household) population growth and the need for additional parks and recreation facilities.

Table 4.1 displays the existing and future residential population in Santa Rosa.

[10] City of Santa Rosa, Council Resolution No. 25495, adopted December 3, 2002.

Table 4.1: Parks and Recreation Facilities Service Population

	Residents
Existing (2017)	173,344
New Development (2017 - 2040)	35,820
Total (2040)	209,164

Source: Table 2.1.

Parks and Recreation Facilities Inventory

Table 4.2 displays the City's existing inventory of neighborhood and community parkland for each of the four quadrants used as fee zones. All land is owned and operated by the City, including approximately 460 acres of development and 110 acres of undeveloped parkland. The City's municipal golf course is not included in the inventory because it is an enterprise operation that can self-fund capital improvements.

Table 4.3 displays the City's inventory of special use facilities, including community centers, senior centers and pools. The total value of each facility is calculated using depreciated values from the City's most recent property schedule. In total, the City owns $38.4 million in special use facilities.

Table 4.4 displays the park and recreation facilities unit costs. Unit costs for land and improvements are based on recent park projects funded by the City. The unit cost for special facilities is based on the current average level of investment per acre. The total cost to acquire and improve an acre of parkland in the city, including a fair share of additional special use facilities, is $2,062,000 per acre.

The City's ordinance enabling adoption of a park and recreation impact fee includes parkland dedication requirements authorized by the Quimby Act.[11] As shown in Table 4.4, 48 percent of the cost of each developed park acre is for land acquisition. Accordingly, a developer dedicating parkland would receive a credit of up to 48 percent of the fee. See more discussion in the *Implementation* section of this chapter.

[11] See *City of Santa Rosa Municipal Code*, Chapter 19-70, and *California Government Code*, Section 66477.

Table 4.2: Existing Neighborhood & Community Parkland
(acres)

	Improved	Unimproved	Total
Northeast			
Brush Creek	2.20	-	2.20
Doyle	21.75	-	21.75
Eastside	0.41	-	0.41
Fir Ridge	1.06	-	1.06
Frances Nielsen Ranch	6.04	-	6.04
Franklin	13.36	-	13.36
Fremont	1.71	-	1.71
Hidden Valley	8.23	-	8.23
Humboldt	0.53	-	0.53
Juilliard	9.09	-	9.09
Nagasawa	15.26	5.00	20.26
Oaklake Green	3.70	-	3.70
Prince Gateway	0.49	-	0.49
Rae	0.84	-	0.84
Rincon Ridge	1.87	-	1.87
Rincon Valley	18.87	-	18.87
Rinconada	2.17	-	2.17
Skyhawk Community	17.30	3.50	20.80
Sonoma Ave	1.76	-	1.76
Steele Lane	2.42	-	2.42
Tanglewood	5.80	2.00	7.80
Triangle	0.10	-	0.10
Subtotal Northeast	134.96	10.50	145.46
Northwest			
A Place to Play	55.56	21.60	77.16
Bicentennial	5.34	-	5.34
Brendon	1.40	-	1.40
Coffey	5.44	-	5.44
DeMeo	0.96	-	0.96
DeTurk	1.07	-	1.07
Dutch Flohr	2.38	-	2.38
Finali	2.76	-	2.76
Finley	21.33	-	21.33
Haydn Village	0.11	-	0.11
J.X. Wilson School Park	5.02	-	5.02
Jack London	-	2.23	2.23
Jack London School Park	-	2.00	2.00
Jacobs	6.94	-	6.94
Jennings	6.56	-	6.56
Live Oak	4.86	-	4.86
Maxwell	-	0.11	0.11
North	0.96	-	0.96
Northwest	25.68	-	25.68
Northwest Comstock School Park	10.30	-	10.30

Table 4.2: Existing Neighborhood & Community Parkland *(acres) (continued)*

	Improved	Unimproved	Total
Northwest (continued)			
Olive	0.87	-	0.87
Peterson Lane	3.99	-	3.99
Pioneer	4.53	-	4.53
Prince Memorial Greenway	4.38	-	4.38
Railroad Depot	0.26	-	0.26
Westgate	2.41	-	2.41
Youth	6.00	27.80	33.80
Subtotal Northwest	179.11	53.74	232.85
Southeast			
Colgan Creek	2.62	-	2.62
Dauenhauer	2.52	-	2.52
Flat Rock	1.12	1.00	2.12
Galvin	23.59	-	23.59
Harvest	3.34	-	3.34
Howarth	55.50	-	55.50
Kawana at Tokay	-	0.64	0.64
Kawana Springs Community	-	19.97	19.97
Martin Luther King Jr.	5.50	-	5.50
Matanzas	1.09	-	1.09
Mesquite	3.92	-	3.92
Peter Springs	1.27	-	1.27
Red Hawk	0.44	-	0.44
Strawberry	3.97	-	3.97
Strawberry School Park	1.82	-	1.82
Trailhead	4.21	-	4.21
Subtotal Southeast	110.91	21.61	132.52
Southwest			
Airfield	3.10	-	3.10
Bayer Park and Gardens	5.96	-	5.96
Bellevue Ranch	3.51	-	3.51
Cook School Park	0.48	-	0.48
Dutton Meadows/Minoia	-	3.40	3.40
Lower Colgan Creek	-	1.77	1.77
Pearblossom	3.04	-	3.04
Roseland Creek Community	-	16.46	16.46
South Davis	1.35	-	1.35
Southwest	12.74	4.00	16.74
Village Green	1.96	-	1.96
Subtotal Southwest	32.14	25.63	57.77
Total	**457.12**	**111.48**	**568.60**

Source: City of Santa Rosa.

Table 4.3: Special Use and Recreation Facilities Inventory

Facility Name	Building Square Feet	Cost per Square Foot[1]	Total Value (2017 $)
Special Use Facilities			
DeTurk Round Barn	20,109	$ 87	$ 1,757,455
Doyle Clubhouse	3,150	173	544,065
Sonoma County Museum	8,466	460	3,896,097
Church of One Tree	3,053	263	803,985
Franklin Clubhouse	2,788	118	330,256
Rail Road Depot – Conv. Visitors Bureau	2,431	238	578,275
Recreation Annex - Artstart	1,152	64	74,100
Subtotal	41,149		$ 7,984,233
Community Recreation and Senior Centers			
Steele Lane Community Recreation Center	23,852	$ 192	$ 4,572,535
Bennett Valley Senior Center	13,106	162	2,120,438
Finley Community Center	29,815	198	5,891,880
Finley Person Senior Wing	24,408	438	10,698,091
Subtotal	91,181		$ 23,282,944
Day Care Centers			
Franklin Preschool	1,110	$ 200	$ 222,207
Northwest Day Care Center	20,000	21	414,549
Subtotal	21,110		$ 636,756
Finley Swim Center			
Finley Swim Center	6,764	$ 211	$ 1,428,825
Pools	9,725	98	948,497
Pool Mechanical Building	1,960	116	227,933
Pool Concession Building	480	251	120,267
Subtotal	18,929		$ 2,725,522
Howarth Memorial Park			
Caretaker's House	1,000	$ 173	$ 172,956
Concession/Restroom	466	234	108,813
Animal Petting Barn	1,044	92	96,213
Rail Road Depot Building	656	98	64,141
Storage/Shop Building	640	165	105,376
Boathouse Building	1,248	118	147,756
Metal Storage Building	1,850	90	166,083
Press Box Building	400	192	76,741
Subtotal	7,304		$ 938,079

[1] Depreciated cost.
Source: City of Santa Rosa CSAC - EIA Property Schedule, September 30, 2016.

Table 4.3: Special Use and Recreation Facilities Inventory *(continued)*

Facility Name	Building Square Feet	Cost per Square Foot[1]	Total Value (2017 $)
Doyle Park			
Shop Storage Building	924	$ 94	$ 87,050
Ballfield Storage Building	3,150	72	225,642
Concession Stand	336	82	27,490
Subtotal	4,410		340,182
Ridgway Swim Center			
Building	5,776	$ 182	$ 1,049,182
Swimming Pools	7,125	61	434,104
Subtotal	12,901		$ 1,483,286
Burbank Memorial Gardens			
Burbank House	2,115	$ 238	$ 502,706
Carriage House	1,680	221	371,800
Greenhouse	513	181	92,778
Maintenance Building	320	86	27,490
Restroom Building	360	118	42,380
Subtotal	4,988		$ 1,037,154
Total	**201,972**		**$ 38,428,156**

[1] Depreciated cost.
Source: City of Santa Rosa CSAC - EIA Property Schedule, September 30, 2016.

Table 4.4: Park and Recreation Facilities Unit Costs

	Special Use Facilities	Cost per Acre (2017 $)	Share of Total Costs
Parkland Acquisition		$1,000,000	48%
Park Improvements			
Standard Park Improvements		$978,000	
Special Use Facilities			
Special Use Facilities Value	$38,428,156		
Improved Acres	457.12		
Special Use Facilities Value per Improved Acre		84,067	
Total Improvements Value per Improved Acre		$1,062,067	52%
Cost per Acre (land, improvements, special use)		**$2,062,067**	**100%**

Sources: City of Santa Rosa; Tables 4.2 and 4.3.

Park Standards

The City's park standard based on its existing parks is 3.0 acres of improved parkland per 1,000 residents. The standard includes unimproved acreage by converting it to an equivalent amount of improvement acreage based on the unit costs in Table 4.4. See **Table 4.5**.

Table 4.5: Existing Park Standards

	Unimproved Park Land	Improved Park Land
Improved Park Land (acres)		457.12
Unimproved Park Land Equivalent		
Unimproved Park Land (acres)	111.48	
Unimproved Park Land Percent of Improved Park Land Costs	48%	
Subtotal (acres)		54.06
Total Improved Park Land Equivalent (acres)		**511.18**
Service Population (2017)		173,344
Existing Standard (acres per 1,000 Residents, rounded)		**3.00**
Improved Parkland Cost per Acre		$2,062,067
Cost per 1,000 Residents		6,186,201
Cost per Resident		**$6,186**

Sources: Tables 4.1, 4.2 and 4.4.

For comparison, the City's General Plan standard is 3.5 acres per 1,000 residents for city parks and special use facilities. The General Plan also includes a standard of 1.4 acres for publicly accessible school recreational facilities, and 1.1 acres for public-serving open space, for a total of 6.0 acres per 1,000 residents. The Quimby Act allows a City to require a residential subdivision developer to dedicate a minimum of 3.0 acres per 1,000 residents for parkland excluding park improvements, regardless of a city's existing standard.

Park Impact Fee – Maximum and Proposed

Table 4.6 calculates the maximum justified park impact fee. The fee is based on the existing standard of 3.0 acres per 1,000 residents, equivalent to the City's existing level of investment in park and recreation facilities. The fee is similar

for single family and multifamily units because the number of residents per unit is similar (see Chapter 2).

Table 4.6: Maximum Justified Park Impact Fee

	A	*B*	*C = A x B*	*D = C x 0.02*	*E = C + D*
Land Use	**Cost per Capita**	**Persons per Dwelling Unit**	**Base Fee**	**Admin. Charge[1]**	**Total Fee**
Single Family	$ 6,186	2.67	$16,517	$330	$16,847
Multifamily	6,186	2.14	13,238	265	13,503

Note: Fee includes two components, for parkland dedication and for park development.

[1] Estimated at two percent of base fee to fund the cost of administering the park impact fees.

Sources: Tables 2.2 and 4.5.

Existing and proposed park impact fees are shown in **Table 4.7**. To develop the proposed fee, the consultant team considered:

- Capital improvement plans
- Financial feasibility
- Fee administration improvements.

The Recreation and Parks Department has developed a $176 million capital improvement plan. The plan maintains the City's current standard of 3-acre per 1,000 residents through the 2040 planning horizon, as well as provide additional special recreational facilities. The park impact fee revenue forecast through 2040 based on existing fee levels is $130 million. See **Tables A.4 and A.5** in the Appendix A.

The funding gap of $46 million between the capital plan and impact fee revenues could be considered associated with the single largest project in the plan, the $45 million Southwest Community Center and Pool. Even without this project the plan would maintain the existing 3-acre standard. So, park impact fee funding based on current fee levels is anticipated to be sufficient to maintain the City's existing park standard. Moreover, a special facility with citywide benefits such as the Southwest Community Center may be a potential candidate for a future voter-approved general obligation bond measure.

Table 4.7: Existing & Proposed Park Impact Fee
(per dwelling unit)

Land Use Category	Existing	Proposed	Change
Northwest Quadrant			
Single family detached	$10,368	$10,516	1%
Single Family attached	8,882	9,009	1%
Duplex	8,768	8,893	1%
Multifamily	7,625	7,734	1%
Mobile Home/ADU[1]	6,060	6,147	1%
Northeast Quadrant			
Single family detached	$11,860	$10,516	(11%)
Single Family attached	10,160	9,009	(11%)
Duplex	10,029	8,893	(11%)
Multifamily	8,721	7,734	(11%)
Mobile Home ADU[1]	6,932	6,147	(11%)
Southwest Quadrant			
Single family detached	$9,808	$10,516	7%
Single Family attached	8,402	9,009	7%
Duplex	8,296	8,893	7%
Multifamily	7,213	7,734	7%
Mobile Home/ADU[1]	5,733	6,147	7%
Southeast Quadrant			
Single family detached	$9,763	$10,516	8%
Single Family attached	8,363	9,009	8%
Duplex	8,257	8,893	8%
Multifamily	7,178	7,734	8%
Mobile Home/ADU[1]	5,706	6,147	8%

[1] "ADU" is an accessory dwelling unit, also called a secondary dwelling unit.

Source: City of Santa Rosa, *Master Fee Schedule*, July 1, 2017, Urban Economics.

The proposed fee schedule generates the same revenue as the existing schedule to adequately fund the maintenance of 3-acre park standard. The only proposed change is to equalize the fee across all four zones to simplify administration of the fee. This approach also has the effect of lowering the fee in the northeast quadrant (because that area has the highest existing park impact fee), and thereby moderates the impact of the higher CFF proposed in Chapter 3 (see Table 3.14).

Implementation

This section provides procedures for implementation of the parks and recreation facilities impact fee to remain consistent with the nexus analysis and to meet the requirements of the Mitigation Fee Act.

Credit for Quimby Act Park Land dedication

As shown in Table 4.4, 48 percent of the cost of each park acre is for land acquisition and the remaining 52 percent is associated with costs for park development and special use facilities. If a residential developer dedicates parkland pursuant to the City's Quimby Act requirements, discussed previously, then the developer could receive a credit of up to 48 percent of the total fee. The amount of the credit would be based on the value of the dedicated parkland.

If the value of the dedicated parkland is greater than 48 percent of the fee, the City would have the following options:

1. Require payment of the park development component of the fee (52 percent) and enter into a reimbursement agreement with the developer funded by the existing fund balance in the park impact fee account or future park impact fees contributed to the account.
2. Allow the parkland dedication credit to reduce the park development component of the fee.
3. A combination of (1) and (2).

Eligible Use of Funds

To remain consistent with the nexus analysis, park impact fee revenues must be used only for the following purposes:

- **Park and recreation facilities only:** Including land, buildings, vehicles, furnishings, equipment and all related infrastructure and appurtenances associated with park and recreation facilities.
- **Upgrade or expansion only:** Upgrade or expansion of park and recreation facilities and exclude ongoing maintenance of existing assets. Excludes the use of revenues for rehabilitation unless the capital project results in a significant upgrade or expansion that serves new development.
- **Developer reimbursement**: Reimbursement to developers for dedicated park and recreation facilities that otherwise would be eligible as a park impact fee expenditure, and that exceeded the developer's fee obligation.
- **Fee administration:** Implementation costs related to compliance with the Mitigation Fee Act including collecting, accounting, and managing expenditure of fee revenues in accordance with the Act, as well as preparing financial reports and nexus studies required to make any necessary findings and determinations under the Act.

Annual and Periodic Reporting and Fee Adjustments

The CFF should be adjusted annually for cost inflation. Current City practice that adjusts the park improvement component of the fee by a construction index and the park land component by a land price index is reasonable. Table 4.4 provides the allocation of the fee to those two components.

The City should also comply with the annual and periodic (five-year) reporting requirements included in the Mitigation Fee Act. We recommend concurrent with the five-year review that the City adjust the amount of the fee as appropriate to reflect updated development forecasts, capital improvement needs, and real estate market trends.

Revisions to Ordinances and Resolutions

Below is a list of revisions that would need to be made to fee ordinances and resolutions if the City adopts the recommendations in this chapter. References are to the park fee ordinance (municipal code Chapter 19-70) and the park fee resolution number 25495.

- Add reference to the Mitigation Fee Act to provide authority for park development fee (code section 19-70-010).
- Update the average population per dwelling unit based on the latest Census data reflected in this study (code section 19-70.040) or consider setting these assumptions by Council resolution with reference to the latest nexus study.
- Consider re-structuring the park development fee to include land acquisition and development, under authority of the Mitigation Fee Act. Provide for credit against the fee for dedication park land. This approach avoids having to separately account for the existing two fees and conforms more closely to current practice (ordinance section 19-70.090 and resolution).
- Revise the resolution to allow revenues collected in each zone to be used for any park acquisition or improvement citywide that has citywide benefits. Many park and recreation facilities are used by residents citywide, such as sports teams.
- Revise the resolution to so that the annual inflation adjustment to the fee reflects the shares shown in Table 4.4 associated with improvements (48 percent) versus land (52 percent).

5. FINANCIAL FEASIBILITY ANALYSIS

To provide Santa Rosa with guidance on how proposed fees could impact development decisions, the consultant team conducted a financial feasibility analysis. The analysis tested the impact of several fee scenarios with financial metrics commonly used to evaluate the feasibility of real estate investment. This chapter provides a summary of the feasibility analysis for a range of residential and commercial prototypes.

Assumptions and Methodology

This analysis tested the financial feasibility of a range of fee scenarios on prototypical residential and commercial development projects. Financial feasibility was tested using a static pro forma model that measures **return on cost** (or ROC, used for for-sale residential development) or **yield on cost** (YOC, used for rental properties, including apartments and the commercial prototypes). Return on cost and yield on cost are commonly used metrics indicating the profitability of development projects. These metrics are calculated using the following methodology:

- **Return on cost** is calculated by tallying all development costs, including land, direct construction costs, indirect or soft costs (including financing) and developer fees. Total revenues from the sale of the for-sale units are then estimated. Developer profit is calculated by subtracting total revenues minus costs. Finally, ROC is calculated by dividing developer profit by total development cost.
- **Yield on cost** is calculated by dividing a project's expected net annual operating income at full lease-up[12] by total development costs (including construction costs, soft costs, fees, and land costs but excluding financing costs). Using YOC as a metric for feasibility allows for a comparison of rates of return among different rental projects, without skewing the results based on the specific financing arrangements (such as the combination of debt and equity) that can be highly variable from project to project.

This approach calculates the change in development costs associated with a change in fee levels, and the consequent impact on the financial feasibility metric. If a fee increase would cause financial feasibility to fall below a certain threshold, then the City would be less likely to be able to attract real estate investment.

[12] Net operating income at full lease-up is calculated as total rental revenues minus operating costs, assuming a stable vacancy rate.

Prototypes

The consultant team worked with City staff to construct three residential prototypes and three commercial prototypes that represent the range of market-rate housing development and commercial development projects that can reasonably be expected in Santa Rosa based on recent development trends and a review of development proposals that are currently in the pipeline. **Tables 5.1 and 5.2** summarize the characteristics of the six development prototypes that were tested for financial feasibility:

- Single family detached prototype
- Single family for-sale attached prototype
- Apartment prototype
- Hotel prototype
- Retail prototype
- Business Park/Light Industrial prototype

The characteristics, including building type, size, density (floor-area-ratio), and parking assumptions are based on a review of recently built and proposed projects in Santa Rosa and Sonoma County. The financial feasibility of potential fee levels is tested for each of these prototypes.

Fee Levels

The consultant team tested the impact of three proposed fee scenarios on development feasibility:

- **Scenario 1 – Existing CFF & Park Impact Fees, eliminate SWADIF & SEADIF:** In this scenario, the existing Capital Facility Fee (CFF) and Park impact fees would be maintained, while the Southwest Area Development Impact Fee (SWADIF) and Southeast Area Development Impact Fee (SEADIF) would be eliminated. Santa Rosa's existing park impact fees – which apply only to residential development – vary by quadrant. For the purposes of this analysis, it was assumed that the development prototypes would be subject to the northwest quadrant park impact fee.

Table 5.1: Residential Prototypes

	Single Family Detached	Single Family Attached	Apartment
Building Type	2-story wood frame (Type V); attached garage	2-story wood frame (Type V); surface parking	3 story wood frame (Type V); surface parking
Unit Type	3 bedroom, 2.5 bath	3 bedrooms, 2.5 bath	45% 1 bedroom, 1 bath 45% 2 bedroom, 2 bath 10% 3 bedroom, 2 bath
Gross Sq. Ft.	100,000	88,889	106,765
Net Sq. Ft.	100,000	80,000	90,750
Efficiency		90%	85%
Number of Units	50	50	100
Average Unit Size (SF)	2,000	1,600	908
Dwellings per Acre	8.0	15.0	25
Lot Size (Acres)	6.3	3.3	4.0
Parking Spaces	2 car attached garages	125	205

Sources: RealQuest, 2017; City of Santa Rosa, 2017; Strategic Economics, 2017.

- **Scenario 2 – Increase CFF to Replace SWADIF & SEADIF Revenue and Equalize Park Impact Fee Citywide:** In this scenario, the SWADIF and SEADIF would be eliminated, and the citywide CFF would be increased to cover the resulting decline in revenues. The CFF would need to increase approximately 28 percent to absorb SWADIF and SEADIF revenues. The existing park impact fee for residential development would still apply in this scenario but would be equalized across the quadrants into a single citywide fee. This analysis was completed while proposed fees were still in draft form. Differences with the final proposed fees included in this report are not significant and would not change the results of the feasibility analysis.
- **Scenario 3 – Additional Fee Increase:** Scenario 3 tests the effect of an additional fee increase, above the level required to replace the SWADIF and SEADIF revenue. Scenario 3 includes two variations, for residential and commercial development respectively. This additional increment could apply to any combination of CFF, parks or any other fee (e.g. affordable housing).

Table 5.2: Commercial Prototypes

	Hotel	Retail/ Restaurants/ Services	Business Park/Light Industrial
Gross Building Area (GBA)	100,000	100,000	100,000
Podium Parking Area	0	0	0
Gross Building Area including Podium Parking (SF)	100,000	100,000	100,000
Efficiency Ratio (a)	N/A	0.95	0.95
Net Leasable Sq. Ft. (NSF)	N/A	95,000	95,000
Hotel Rooms	175		
Net Leasable Office Area (SF)	N/A	N/A	4,750
Parking Ratio (per Room/1000 SF)	1	4	3
Podium Parking (% of total parking)	0%	0%	0%
Surface Parking (% of total parking)	100%	100%	100%
Parking Spaces	175	400	300
Podium Parking	0	0	0
Surface Parking	175	400	300
Floor Area Ratio	1.0	0.2	0.4
Land Area (Acres)	2.3	11.5	5.7
Land Area (SF)	100,000	500,000	250,000

(a) Refers to ratio of gross building area to net leasable area. An efficiency ratio of 0.9 means that 90% of the gross building area is leasable.

(b) The floor-area-ratio (FAR) is often used as a measure of density. In this analysis, it is calculated as the gross building area divided by the total land area.

Sources: City of Santa Rosa, 2017; Strategic Economics, 2017.

Tables 5.3 and 5.4 show the fees calculated for each prototype under the three scenarios described above. For the residential prototypes, Table 5.3 shows the fee scenarios on a per-unit basis. For the commercial prototypes, Table 5.4 shows the fees on a per square foot basis for each scenario, by prototype. These scenarios are referred to as the "nexus study fee scenarios" throughout this document. Note that the fees shown in Tables 5.3 and 5.4 only include the fees that are the subject of this nexus study; other fees (including school district and other City fees) are discussed below under "Costs."

Table 5.3: Residential Prototypes Fee Scenarios
(per Unit)

	Single-Family Detached	Single-Family Attached	Apartment
Fee Scenario 1: (a)			
Existing CFF	$5,706	$5,082	$4,230
Existing Parks Fee	10,368	8,882	7,625
Total Scenario	$16,074	$13,964	$11,855
Fee Scenario 2: (b)			
Increased CFF	$7,322	$6,522	$5,428
Citywide Parks Fee	10,552	9,039	7,760
Total Scenario	$17,874	$15,561	$13,188
Fee Scenario 3: (c)			
Increased Fees	$20,896	$18,153	$15,412
Total Scenario	$20,896	$18,153	$15,412

(a) Assumes prototypes are subject to Northwest quadrant park impact fee.

(b) Assumes approximately 28 percent increase in CFF (estimated amount required to cover SEADIF and SWADIF revenues); citywide park impact fees apply.

(c) Assumes approximately 30 percent increase (compared to scenario 1) to CFF and park impact fee.

Sources: City of Santa Rosa, Fee Schedule, January 1, 2017; Urban Economics, 2017; Strategic Economics, 2017.

Table 5.4: Commercial Prototypes Fee Scenarios
(per Square Foot)

	Hotel	Retail/ Restaurants/ Services	Business Park/Light Industrial
Fee Scenario 1: Existing CFF	$7.12	$11.89	$3.02
Fee Scenario 2: Increased CFF	$9.14	$14.14	$3.88
Fee Scenario 3: Increased Fees	$14.24	$20.81	$6.04

(a) Assumes 20 to 28 percent increase in CFF (estimated amount required to cover SEADIF and SWADIF revenues) depending on prototype.

(b) Assumes 75 to 100 percent increase (compared to scenario 1) to CFF depending on prototype.

Sources: City of Santa Rosa, Fee Schedule, January 1, 2017; Urban Economics, 2017; Strategic Economics, 2017.

Revenues

To estimate income from residential and commercial development, the analysis used estimates of sales prices and monthly rents. These revenue assumptions were based on a review of local and regional market data, including information on the type of development that has been recently constructed or is planned or proposed in Santa Rosa; and recent sales prices and current rental rates of recently built (or sold) development in Santa Rosa and neighboring cities.

For single family detached and for-sale attached projects, the revenues are calculated by multiplying the unit count by the sales price.

For the apartment and commercial prototypes, the revenues were estimated using an income capitalization approach. This valuation approach first estimates the annual net operating income (NOI) of the development prototype, which is the difference between total project income (annual rents) and project expenses, including operating costs[13] and vacancies. The NOI is then divided by the capitalization rate (cap rate) to derive total project value.

Tables 5.5, 5.6, 5.7, 5.8, and 5.9 summarize the calculations and data sources used for estimating the value of the prototypes.

Table 5.5: Residential Prototype Sales Prices and Rents

Prototype/Unit Type	Number of Units	Unit Sales Price/ Monthly Rent	Price or Rent per SF
Single Family Detached 3 BD/3 BA	50	$660,000	$330
Single Family Attached 3 BD/2.5 BA	50	488,000	305
Apartment			
1 BD/1 BA	45	$2,000	$2.67
2 BD/2 BA	45	2,500	2.50
3 BD/2 BA	10	2,900	2.42
Total Units	100		

Sources: CoStar, 2017; RealQuest, 2017; Redfin, 2017; Strategic Economics, 2017.

[13] Operating costs were calculated based on the Institute of Real Estate Management Survey of Apartment Buildings in the San Francisco Metropolitan Statistical Area (MSA).

Table 5.6: Apartment Prototype Revenue

	Assumption	Total
Gross Annual Rental Income (a)		$2,778,000
Operating Expenses (b)	30% of income	(833,400)
Vacancy (c)	5% of income	(138,900)
Annual Net Operating Income (d)		1,805,700
Capitalized Value (d)	4.5% cap rate	$40,126,667

(a) Average monthly rents multiplied by 12 months multiplied by unit count for each unit type.

(b) Institute of Real Estate Management, San Francisco MSA Apartment Properties, 2011.

(c) Assumes a vacancy rate of 5 percent in a stabilized rental market.

(d) Income less expenses less vacancy.

(e) Cap rate for Sonoma County, Cushman Wakefield, Marketbeat Bay Area Multi-family, Q3 2016.

Sources: IREM, DTZ, Strategic Economics, 2017.

Table 5.7: Hotel Prototype Revenue

	Metric	Input
Revenues and Expenses		
Gross Annual Room Income (a)	RevPAR	$43,672
Gross Annual Other Revenue (b)	% of Room Revenue	44%
Operating Expenses (b)	% of Room Revenue	70%
Estimates		
Rooms		175
Annual Gross Revenues		$10,980,809.99
Operating Expenses		(5,349,851)
Annual Net Operating Income		$5,630,959
Cap Rate (c)		10.00%
Total Capitalized Value		$56,309,594

(a) RevPAR is a measure of revenue per room, calculated as occupancy percentage times average daily rate. Source: STR, 2017, Custom Trend Report including all mid-scale Santa Rosa hotels.

(b) Based on national data from STR Host Almanac, 2016.

(c) CBRE Cap Rate Survey, 1st Half 2016, Oakland Suburban Market.

Sources: Strategic Economics, 2017.

Table 5.8: Retail/Restaurants/Services Prototype Revenue

	Metric	Input
Revenues and Expenses		
Annual Rent – NNN (a)	per NSF	$24
Operating Expenses	% of Gross	10%
Vacancy Rate	% of Gross	5%
Estimates		
Net Square Footage		95,000
Annual Gross Revenues		$2,280,000
Operating Expenses		(228,000)
Vacancy Rate		(4,750)
Annual Net Operating Income		$2,142,250
Cap Rate (b)		5.50%
Total Capitalized Value		$38,950,000

(a) LoopNet 2017; interviews with developers.

(b) Marcus and Millichap, Retail Research Market Report Oakland Metro Area, Q3 2015; CBRE Cap Rate Survey, 1st Half 2016, Oakland Suburban Market.

Sources: Strategic Economics, 2017.

Table 5.9: Business Park/Light Industrial Prototype Revenue

	Metric	Input
Revenues and Expenses		
Annual Rent – NNN (a)	per NSF	$10
Operating Expenses	% of Revenues	5%
Vacancy Rate	% of Revenues	5%
Estimates		
Net Square Footage		95,000
Annual Gross Revenues		$912,000
Operating Expenses		(45,600)
Vacancy Rate		(45,600)
Annual Net Operating Income		$820,800
Cap Rate (b)		4.75%
Total Capitalized Value		$17,280,000

(a) CoStar 2017; interviews with developers.

(b) CBRE Cap Rate Survey, 1st Half 2016, Oakland Suburban Market.

Sources: Strategic Economics, 2017.

Development Costs

Residential Prototypes

Cost estimates for the residential prototypes include land costs, direct construction costs (site work/infrastructure, building costs, and parking), indirect costs, financing costs, developer overhead and developer profit. Land costs are based on average asking prices for single family and multi-family zoned property that was listed on LoopNet (a commercial real estate listing site) in Santa Rosa in September 2017 and interviews with developers. Direct building construction cost estimates include site work, building construction, and parking costs and are based on RS Means, project pro formas for recent projects in Santa Rosa, and information from developer interviews. Soft costs and developer overhead/profit were estimated based on review of similar project pro formas in Santa Rosa and interviews with developers. City and schools fee calculations were provided by City staff and school district staff; the project is assumed to be in the Santa Rosa City Schools (SRCS) district, one of the largest school districts in the City. The cost factors used in the analysis are summarized in **Table 5.10**.

Table 5.10: Residential Development Cost Assumptions

Development Costs	Metric	
Land		
Single Family (detached & attached)	$17	per SF
Apartment	$20	per SF
Direct Costs (a)		
Single Family Detached	$160	Per Net SF
Single Family Attached	$155	Per Net SF
Apartment	$190	Per Net SF
Indirect Costs (b)		
A&E and Consulting	5.00%	of direct costs
Taxes, Insurance, Legal & Accounting	3.00%	of direct costs
Other	3.00%	of direct costs
Contingency	5.00%	of direct costs
Fees (Excluding nexus study fees) (b)		
Single Family Detached	$32,137	per unit
Single Family Attached	$26,523	per unit
Apartment	$15,608	per unit
Financing Costs (c)		
Loan to Cost Ratio (LTC)	80%	of total costs
Loan Interest Rate	6%	annual rate
Compounding Period	12	months
Construction/Absorption Period (d)	18 to 24	months
Utilization Rate	55%	of loan
Loan Fees	2%	of loan
Developer Overhead & Fee	4%	of total costs (excl. land)

(a) Direct costs include site work, building construction, and parking costs.

(b) Fee estimates were provided by City and School District staff.

(c) Based on review of similar project pro formas in Santa Rosa and interviews with developers.

(d) Absorption periods are estimated at 24 months for apartments, condominiums and townhouses; and 18 months for single-family subdivisions.

Sources: Project pro formas; RS Means; City of Santa Rosa, 2017; Strategic Economics, 2017.

The CFF and park impact fees are two of several fees imposed by the City and local school districts. **Table 5.11** shows the level of these fees applied to the

three residential prototypes. Together the CFF and park impact fees represent about one-third of all City and school district fees for the single family prototypes. These two fees represent 43 percent of all City and school district for the apartment prototype primarily because of the lower affordable housing fee.

Table 5.11: Existing Impact Fees for Residential Prototypes
(per dwelling unit)

	Single Family Detached	Single Family Attached	Apartment
Wastewater	$6,089	$6,089	$6,797
Water & Meter	$2,963	$2,963	$2,750
Building & Planning	$182	$150	$916
Affordable Housing	$16,000	$12,000	$2,238
Capital Facilities (CFF)	$5,706	$5,082	$4,230
Park	$10,368	$8,882	$7,625
School	$6,400	$5,120	$2,906
Total	**$47,708**	**$40,286**	**$27,461**
CFF & Park Share of Total	34%	35%	43%

Source: City of Santa Rosa; Strategic Economics, 2017.

Commercial Prototypes

Cost estimates for the commercial prototypes include land costs, direct construction costs (site work, building costs, and parking), indirect costs, financing costs, developer overhead and developer profit. Land costs are based on average asking prices for commercial and industrial zoned property that was listed on LoopNet and CoStar in Santa Rosa in September 2017 and interviews with developers. Direct building construction cost estimates are based on RS Means and interviews with developers. Direct and indirect cost inputs for the pro forma analysis are shown in **Table 5.12**.

Measures of Feasibility

To establish a reasonable threshold for a developer's rate of return on new for-sale and rental development projects in Santa Rosa, the consultant team interviewed local developers, reviewed other similar financial analyses in the Bay Area, and reviewed publications on the local and regional real estate market.

Table 5.12: Commercial Development Cost Assumptions

	Metric	Hotel	Retail/ Restaurants/ Services	Business Park/Light Industrial
Hard Costs (Building & On-Site Improvements)	per sq. ft. of GBA	$225	$130	$75
Land Acquisition	per sq. ft. land	35	20	15
Soft Costs				
Architecture, Engineering & Consulting	% of Hard Costs	5%	5%	5%
Tenant Improvements	per NSF	N/A	30	55
Furniture, Fixtures & Equipment (FF&E)	per room	$28,300	N/A	N/A
Permits & Fees (Excluding Nexus Fees)	total	varies	varies	varies
Taxes, Insurance, Legal & Accounting	% of Hard Costs	3%	3%	3%
Financing Costs	% of Hard Costs	5%	5%	5%
Developer Overhead & Fee	% of Hard Costs	4%	4%	4%
Contingency	% of Hard Costs	5%	5%	5%

Sources: Project pro formas; RS Means; LoopNet & CoStar, January 2017; City of Santa Rosa, 2017; Strategic Economics, 2017.

- **Return on Cost (For-Sale Development):** Return on Cost (ROC) is calculated as developer profit (projects revenues minus costs) divided into the total cost of development. Single-family attached and detached development is considered much lower risk in the Santa Rosa area compared to multi-family development, although developers noted that the cost and time delays associated with permitting and environmental mitigation (particularly in areas affected by the California Tiger Salamander) can significantly affect a developer's rate of return. Based on input from developers, for-sale projects with an ROC of at least 15.0 to 18.0 percent were considered financially feasible. Development with a ROC of less than 15.0 percent are not financially feasible, while projects with an ROC at the lower end of the threshold (at or just above 15.0 percent) are considered marginally feasible.
- **Yield on Cost (Rental Development):** A common rule of thumb is that the expected Yield on Cost (YOC) for a rental development project should be about 1.5 to 2.0 percentage points higher than the average capitalization

rate in the local market.[14] As shown in **Table 5.13**, the average capitalization rate (cap rate) in Sonoma County was approximately 4.0-4.5 percent in the third quarter of 2016. Local developers reported that investors expect yields in the range of 6.0 to 7.0 percent. Expectations for returns are higher in the North Bay compared to San Francisco because of the differences in market conditions. Developers also reported that construction costs have escalated rapidly, while rental rate increases have begun to slow. This dynamic is likely to cause investors to have higher expectations of yield in the short- to mid-term. Based on the research described above, projects with a YOC of at least 6.0 to 7.0 percent were considered financially feasible for the purposes of this analysis. Developments with a YOC of less than 6.0 percent are not financially feasible, while projects with a YOC at the lower end of the threshold (at or just above 6.0 percent) are considered marginally feasible.

Table 5.13: Feasibility Thresholds

Prototype	Capitalization Rates	Selected Threshold for Return on Cost/ Yield on Cost
Residential Prototypes		
Single-Family Detached and Attached (ROC) (a)	N/A	15.0%-18.0%
Apartments (YOC) (b)	4.0% - 4.5%	6.0% - 7.0%
Commercial Prototypes (YOC)		
Hotel (c)	10.0% - 12.0%	12.0% - 14.0%
Retail/Restaurants/Services (d)	5.0% - 6.0%	6.5% - 7.5%
Business Park/Light Industrial (e)	4.0% - 5.0%	5.5% - 6.5%

(a) Interviews with developers.

(b) Sonoma County cap rate, Cushman Wakefield Marketbeat Bay Area Multi-family Q3 2016.

(c) CBRE Cap Rate Survey, 1st Half 2016, Oakland Suburban Market.

(d) Marcus and Millichap, Retail Research Market Report Oakland Metro Area, Q3 2015; CBRE Cap Rate Survey, 1st Half 2016 (Oakland market).

(e) CBRE Cap Rate Survey, 1st Half 2016 (Oakland market).

Sources: Strategic Economics 2017.

[14] A project's capitalization (or "cap") rate is the ratio of net operating income divided by property value. Real estate brokerage firms typically calculate the market capitalization rate as the average capitalization rate for projects sold in a given period.

Financial Feasibility Results

Tables 5.14, 5.15, 5.16, and 5.17 provide the pro forma model results for the residential and commercial prototypes. The tables show results for the financial feasibility metric and the threshold for each prototype. The tables also show the burden of the total CFF, combined park impact fees in the case of residential prototypes, as a percent of total development costs. Below is a list of findings by prototype.

Single Family Detached

The feasibility analysis indicates that at current market prices, the return on cost for the single family detached prototype meets the required threshold for financial feasibility (15 to 18 percent) under all three fee scenarios. Fees are three percent of total development costs in Scenarios 1 and 2, increasing to four percent of total costs in Scenario 3.

- Under **Scenario 1** the existing fee levels account for three percent of total development costs. The calculated return on cost is 18.20 percent, which meets the feasibility threshold.
- Under **Scenario 2** the increased CFF and citywide parks fee account for three percent of total development costs. The calculated return on cost is 17.79 percent, which meets the feasibility threshold.
- Under **Scenario 3** the additional increase in fees accounts for four percent of total development costs. The calculated return on cost is 17.09 percent, which meets the feasibility threshold.

Single Family Attached

The feasibility analysis indicates that at current market prices, the return on cost for the single family attached prototype meets the required threshold for financial feasibility (15 to 18 percent) under all three fee scenarios. Fees are three percent of total development costs in Scenario 1, increasing to four percent of total costs in Scenarios 2 and 3.

- Under **Scenario 1** the existing fee levels account for 3 percent of total development costs. The calculated return on cost is 16.84 percent, which is higher than the feasibility threshold.
- Under **Scenario 2** the increased CFF and citywide parks fee account for 4 percent of total development costs. The calculated return on cost is 16.34 percent, which is higher than the feasibility threshold.
- Under **Scenario 3** the additional increase in fees accounts for 4 percent of total development costs. The calculated return on cost is 15.55 percent, which is slightly higher than the feasibility threshold.

Table 5.14: Pro Forma Model Results: Single-Family Detached & Single-Family Attached Prototypes

	Single-Family Detached		Single-Family Detached	
Development Costs (a)	**per Unit**	**Total**	**per Unit**	**Total**
Land	$92,565	$4,628,250	$49,368	$2,468,400
Direct Costs	320,000	16,000,000	248,000	12,400,000
Indirect Costs (exc. Financing)				
A&E and Consulting	$16,000	$800,000	$12,400	$620,000
Permits/Fees (exc. Nexus Fees)	32,137	1,606,851	26,523	1,326,164
Taxes, Ins., Legal & Accounting	9,600	480,000	7,440	372,000
Other	9,600	480,000	7,440	372,000
Contingency	16,000	800,000	12,400	620,000
Total Indirect Costs	$83,337	$4,166,851	$66,203	$3,310,164
TDC Before Financing, Fees (b)	$495,902	$24,795,101	$363,571	$18,178,564
Nexus Fees				
Scenario 1: Existing CFF and Park	$16,074	$803,700	$13,964	$698,200
Scenario 2: Increased CFF	17,874	893,700	15,561	778,050
Scenario 3: Additional Fee Increase	20,896	1,044,810	18,153	907,660
Financing				
Scenario 1: Existing CFF and Park		$1,423,293		$1,298,721
Scenario 2: Increased CFF		1,428,297		1,304,215
Scenario 3: Additional Fee Increase		1,436,699		1,313,132
Developer Overhead & Fee				
Scenario 1: Existing CFF and Park		$895,754		$708,283
Scenario 2: Increased CFF		899,554		711,697
Scenario 3: Additional Fee Increase		905,934		717,238

Table 5.14: Pro Forma Model Results: Single-Family Detached & Single-Family Attached Prototypes
(continued)

	Single-Family Detached		Single-Family Detached	
TDC with Nexus Fee Scenarios	**per Unit**	**Total**	**per Unit**	**Total**
Scenario 1: Existing CFF and Park	$558,357	$27,917,848	$417,675	$20,883,769
Scenario 2: Increased CFF	560,333	28,016,652	419,451	20,972,526
Scenario 3: Additional Fee Increase	563,651	28,182,544	422,332	21,116,594
Revenues				
Net Sales Proceeds		$33,000,000		$24,400,000
Return on Cost (c)				
Scenario 1: Existing CFF and Park		18.20%		16.84%
Scenario 2: Increased CFF		17.79%		16.34%
Scenario 3: Additional Fee Increase		17.09%		15.55%
Threshold for Feasibility	15.0%-18.0%		15.0%-18.0%	
Fees as % of TDC				
Scenario 1: Existing CFF and Park		3%		3%
Scenario 2: Increased CFF		3%		4%
Scenario 3: Additional Fee Increase		4%		4%

(a) See Table 5.10.

(b) TDC: total development costs.

(c) Return on cost is used as the measure of feasibility for single-family attached and detached prototypes and calculated as developer margin (net sales proceeds minus total development costs) divided by total development costs.

Sources: Strategic Economics, 2017.

Table 5.15: Pro Forma Model Results: Apartment Prototype

	Apartments	
Development Costs (a)	**per Unit**	**Total**
Land	$34,848	$3,484,800
Direct Costs	172,425	17,242,500
Indirect Costs (exc. Financing)		
A&E and Consulting	$8,621	$862,125
Permits/Fees (exc. Nexus Fees)	15,608	1,560,771
Taxes, Ins., Legal & Accounting	5,173	517,275
Other	5,173	517,275
Contingency	8,621	862,125
Total Indirect Costs	$43,196	$4,319,571
TDC Before Financing, Fees (b)	$250,469	$25,046,871
Nexus Fees		
Scenario 1: Existing CFF and Park	$11,855	$1,185,500
Scenario 2: Increased CFF	13,188	1,318,800
Scenario 3: Additional Fee Increase	15,412	1,541,150
Financing		
Scenario 1: Existing CFF and Park		$1,804,787
Scenario 2: Increased CFF		1,813,958
Scenario 3: Additional Fee Increase		1,829,256
Developer Overhead & Fee		
Scenario 1: Existing CFF and Park		$982,094
Scenario 2: Increased CFF		987,793
Scenario 3: Additional Fee Increase		997,299

Table 5.15: Pro Forma Model Results: Apartment Prototype *(continued)*

	Apartments	
TDC with Nexus Fee Scenarios	**per Unit**	**Total**
Scenario 1: Existing CFF and Park	$290,193	$29,019,253
Scenario 2: Increased CFF	291,674	29,167,423
Scenario 3: Additional Fee Increase	294,146	29,414,576
Revenues		
Annual Net Operating Income		$1,805,700
Capitalized Value		40,126,667
Yield on Cost (c)		
Scenario 1: Existing CFF and Park		6.22%
Scenario 2: Increased CFF		6.19%
Scenario 3: Additional Fee Increase		6.14%
Threshold for Feasibility	6.0% - 7.0%	
Fees as % of TDC		
Scenario 1: Existing CFF and Park		4%
Scenario 2: Increased CFF		5%
Scenario 3: Additional Fee Increase		5%

(a) See Table 5.10.

(b) TDC: total development costs.

(c) Yield on cost is used as the measure of feasibility for apartments, calculated as annual net operating income divided by total development cost.

Sources: Strategic Economics, 2017.

Table 5.16: Pro Forma Model Results: Hotel and Retail/Restaurants/Services Prototypes

	Hotel		Retail/ Restaurants/ Services	
Development Costs (a)	**per Room**	**Total**	**per SF of GBA (b)**	**Total**
Land	$20,000	$3,500,000	$100	$10,000,000
Direct Costs	128,571	22,500,000	130	13,000,000
Indirect Costs				
A&E & Consulting	$6,429	$1,125,000	$7	$650,000
Tenant Improvements	0	0	29	2,850,000
FF&E (c)	28,300	4,952,500	0	0
Permits/Fees (exc. Nexus Fees)	10,381	1,816,752	16	1,628,368
Taxes, Ins., Legal & Accounting	3,857	675,000	4	390,000
Financing Costs	6,429	1,125,000	7	650,000
Developer Overhead & Fee	5,143	900,000	5	520,000
Contingency	6,429	1,125,000	7	650,000
Total Indirect Costs	$66,967	$11,719,252	$73	$7,338,368
Nexus Fees	**per SF**	**Total**	**per SF**	**Total**
Scenario 1: Existing CFF	$7.12	$712,000	$11.89	$1,189,000
Scenario 2: Increased CFF	9.14	914,000	14.14	1,414,000
Scenario 3: Additional Fee Increase	14.24	1,424,000	20.81	2,080,750

Table 5.16: Pro Forma Model Results: Hotel and Retail/Restaurants/Services Prototypes
(continued)

	Hotel		Retail/ Restaurants/ Services	
TDC with Nexus Fee Scenarios (d)	**Fees per SF**	**TDC**	**Fees per SF**	**TDC**
Scenario 1: Existing CFF	$7.12	$38,431,252	$11.89	$31,527,368
Scenario 2: Increased CFF	9.14	38,633,252	14.14	31,752,368
Scenario 3: Additional Fee Increase	14.24	39,143,252	20.81	32,419,118
Revenues	**per Room**	**Total**	**per SF of GBA**	**Total**
Annual Net Operating Income	$32,177	$5,630,959	$21	$2,142,250
Yield on Cost (e)				
Scenario 1: Existing CFF		14.65%		6.79%
Scenario 2: Increased CFF		14.58%		6.75%
Scenario 3: Additional Fee Increase		14.39%		6.61%
Threshold for Feasibility	12.0% - 14.0%		6.5% - 7.5%	
Fees as % of TDC				
Scenario 1: Existing CFF		2%		4%
Scenario 2: Increased CFF		2%		4%
Scenario 3: Additional Fee Increase		4%		6%

(a) See Table 5.12.

(b) GBA: Gross Building Area.

(c) FF&E: Furniture, Fixtures & Equipment.

(d) TDC: total development costs.

(e) Yield on cost is used as the measure of feasibility, calculated as annual net operating income divided by total development cost.

Sources: Strategic Economics, 2017.

Table 5.17: Pro Forma Model Results: Business Park/Light Industrial Prototype

	Business Park/Light Industrial	
Development Costs (a)	**per SF of GBA (b)**	**Total**
Land	$38	$3,750,000
Direct Costs	75	7,500,000
Indirect Costs		
A&E & Consulting	$4	$375,000
Tenant Improvements	3	261,250
FF&E (c)	0	0
Permits/Fees (exc. Nexus Fees)	3	253,417
Taxes, Ins., Legal & Accounting	2	225,000
Financing Costs	4	375,000
Developer Overhead & Fee	3	300,000
Contingency	4	375,000
Total Indirect Costs	$22	$2,164,667
Nexus Fees	**per SF**	**Total**
Scenario 1: Existing CFF	$3.02	$302,000
Scenario 2: Increased CFF	3.88	388,000
Scenario 3: Additional Fee Increase	6.04	604,000

Table 5.17: Pro Forma Model Results: Business Park/Light Industrial Prototype
(continued)

	Business Park/Light Industrial	
TDC with Nexus Fee Scenarios (d)	**Fees per SF**	**TDC**
Scenario 1: Existing CFF	$3.02	$13,716,667
Scenario 2: Increased CFF	3.88	13,802,667
Scenario 3: Additional Fee Increase	6.04	14,018,667
Revenues	**per SF of GBA**	**Total**
Annual Net Operating Income	$8	$820,800
Yield on Cost (e)		
Scenario 1: Existing CFF		5.98%
Scenario 2: Increased CFF		5.95%
Scenario 3: Additional Fee Increase		5.86%
Threshold for Feasibility	5.5% - 6.5%	
Fees as % of TDC		
Scenario 1: Existing CFF		2%
Scenario 2: Increased CFF		3%
Scenario 3: Additional Fee Increase		4%

(a) See Table 5.12.

(b) GBA: Gross Building Area.

(c) FF&E: Furniture, Fixtures & Equipment.

(d) TDC: total development costs.

(e) Yield on cost is used as the measure of feasibility, calculated as annual net operating income divided by total development cost.

Sources: Strategic Economics, 2017.

Apartments

The feasibility analysis indicates that under current market conditions, the yield on cost for the apartment prototype meets the required threshold for financial feasibility (6 to 7 percent) under all three fee scenarios, but only marginally. Fees are four percent of total development costs in Scenario 1, increasing to five percent of total costs in Scenarios 2 and 3.

- Under **Scenario 1** the existing fee levels account for 4 percent of total development costs. The calculated yield on cost is 6.22 percent, which is marginally higher than the feasibility threshold.
- Under **Scenario 2** the increased CFF and citywide parks fee account for 5 percent of total development costs. The calculated yield on cost is 6.19 percent, which is marginally higher than the feasibility threshold.
- Under **Scenario 3** the additional increase in fees accounts for 5 percent of total development costs. The calculated yield on cost is 6.14 percent, which is marginally higher than the feasibility threshold.

Hotel

The feasibility analysis indicates that under current market conditions, the yield on cost for the hotel prototype meets the required threshold for financial feasibility (12 to 14 percent) under all three fee scenarios. Fees are two percent of total development costs in Scenarios 1 and 2, increasing to four percent of total costs in Scenario 3.

- Under **Scenario 1** the existing fee level accounts for 2 percent of total development costs. The calculated yield on cost is 14.65 percent, which is higher than the feasibility threshold.
- Under **Scenario 2** the increased CFF accounts for 2 percent of total development costs. The calculated yield on cost is 14.58 percent, which is higher than the feasibility threshold.
- Under **Scenario 3** the additional increase in fees accounts for 4 percent of total development costs. The calculated yield on cost is 14.39 percent, which is higher than the feasibility threshold.

Retail/Restaurants/Services

The feasibility analysis indicates that under current market conditions, the yield on cost for the retail/restaurants/services prototype meets the required threshold for financial feasibility (6.5 to 7.5 percent) under all three fee scenarios, but only marginally. Fees are four percent of total development costs in Scenarios 1 and 2, increasing to six percent of total costs in Scenario 3.

- Under **Scenario 1** the existing fee level accounts for 4 percent of total development costs. The calculated yield on cost is 6.79 percent, which is marginally higher than the feasibility threshold.
- Under **Scenario 2** the increased CFF accounts for 4 percent of total development costs. The calculated yield on cost is 6.75 percent, which is marginally higher than the feasibility threshold.
- Under **Scenario 3** the additional increase in fees accounts for 6 percent of total development costs. The calculated yield on cost is 6.61 percent, which is marginally higher than the feasibility threshold.

Business Park/Light Industrial

The feasibility analysis indicates that under current market conditions, the yield on cost for the business park/light industrial prototype meets the required threshold for financial feasibility (5.5 to 6.5 percent) under all three fee scenarios, but only marginally. Fees are two percent of total development costs in Scenario 1, increasing to three percent in Scenario 2 and four percent in Scenario 3.

- Under **Scenario 1** the existing fee level accounts for 2 percent of total development costs. The calculated yield on cost is 5.98 percent, which is marginally higher than the feasibility threshold.
- Under **Scenario 2** the increased CFF accounts for 3 percent of total development costs. The calculated yield on cost is 5.95 percent, which is marginally higher than the feasibility threshold.
- Under **Scenario 3** the additional increase in fees accounts for 4 percent of total development costs. The calculated yield on cost is 5.86 percent, which is marginally higher than the feasibility threshold.

Conclusion

The results of the analysis provide a guide for policy making, but not the definitive answer to the question of "when do fee levels affect real estate investment?". Pro forma modeling is based on a snapshot of today's market conditions, and so has inherent limitations because of the dynamic nature of the real estate market. Development project feasibility will vary throughout the market cycle.

Real estate economic theory suggests that increasing impact fees does not cause an increase in prices or rents. Private developers are motivated to maximize profits, and therefore will already be charging the highest price (or rent) that the market can bear prior to any increase in fees. In a balanced housing market, for example, a developer cannot easily pass on the cost of the

impact fees by simply charging more for the unit, because the amount that a prospective homebuyer and renter can afford to pay for housing is not infinite. Therefore, economic theory suggests that increased fees are either absorbed by the developer in the form of lower profits, or by the landowner in the form of lower land prices.

Developers interviewed for previous studies have confirmed that their financial feasibility analyses for new development projects usually incorporate development impact fees into their estimate of the value of the land. In other words, if impact fees were to increase in a particular location, the amount that a developer would offer to the landowner for the development site would decrease.

In terms of development factors under the City's control, there is evidence that local land use policies that delay the development process can have a much stronger effect on housing construction than impact fees.[15]

To avoid a significant negative impact on real estate investment from an increase in impact fees, any such action should attempt to:

- Use fee revenues for public facilities that add value as perceived by buyers and tenants.
- Avoid large fee increases over short time periods so market participants can adjust expectations without delaying investment.

The results presented in the preceding section indicate that:

- Three prototypes (apartment, retail/restaurant and business park/light industrial) are marginal even under existing conditions (scenario 1).
- All six prototypes remain feasible under all three scenarios, though in many cases development is marginally justified (return on investment within one percent of the feasibility threshold).
- Prototypes reflect fee levels in the Northwest quadrant, so results do not reflect the significant fee decrease from the termination of the SWADIF and SEADIF in the southern parts of the City under all scenarios (see Table E.2).
- The City should approach with caution an increase in impact fees to the level of scenario 3, and consider phasing any increase in over time, to avoid negatively affecting levels of real estate investment.

[15] Mayer, Christopher J. and C. Tsuriel Somerville. 2000. "Land Use Regulation and New Construction" Journal of Urban Economics, 48 (1), 85-109

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APPENDIX A: CFF AND PARK IMPACT FEE SUPPORT TABLES

The following tables provide additional background data for the CFF and park impact fee analyses in Chapter 3 and 4:

- **Table A.1 –** Forecasts CFF, SWADIF and SEADIF fee program revenue within the 2040 planning horizon using the City's existing fee schedules.
- **Table A.2 –** Summarizes CFF project costs and compares those costs to projected fee revenue, by facility category.
- **Table A.3 –** Displays CFF project list and 2017 cost estimates, by facility category.
- **Table A.4 -** Forecasts park impact fee program revenue within the 2040 planning horizon using the City's existing fee schedules. Calculates average fee citywide needed to generate same revenue.
- **Table A.5 -** Displays park impact fee program project list and 2017 cost estimates.

Table A.1: Forecast Existing CFF, SWADIF, & SEADIF Revenue

Land Use	Current Fee		Growth (DU or SqFt)	Estimated Fee Revenue (2017 $)
Capital Facilities Fee				
Residential (DU)				
Single Family[1]	6,234	per DU	8,400	52,370,000
Multifamily[2]	5,082	per DU	5,300	26,930,000
Subtotal			13,700	79,300,000
Nonresidential (SqFt)				
Office	4.97	per SqFt	1,052,100	5,230,000
Retail (NE, NW)	11.89	per SqFt	1,387,400	16,500,000
Retail (SE, SW)	3.78	per SqFt	166,900	630,000
Institutional[3]	4.87	per SqFt	572,400	2,790,000
Hotel	7.12	per SqFt	95,300	680,000
Industrial	3.02	per SqFt	1,448,500	4,370,000
Subtotal			4,722,600	30,200,000
Total CFF				**109,500,000**
Southwest Area Development Fee[4]				
Residential (DU)				
Single Family[1]	13,922	per DU	1,100	15,310,000
Multifamily[2]	10,650	per DU	400	4,260,000
Subtotal			1,500	19,570,000
Nonresidential (SqFt)				
Office	11.40	per SqFt	64,600	740,000
Retail	9.33	per SqFt	166,900	1,560,000
Institutional[3]	3.04	per SqFt	25,000	80,000
Hotel	9.33	per SqFt	-	-
Industrial	8.12	per SqFt	640,500	5,200,000
Subtotal			897,000	7,580,000
Total SWADIF				**27,150,000**
Southeast Area Development Fee				
Residential (DU)				
Single Family[1]	14,018	per DU	200	2,800,000
Multifamily[2]	11,237	per DU	100	1,120,000
Subtotal			300	3,920,000
Nonresidential (SqFt)				
Office	9.26	per SqFt	-	-
Retail	9.32	per SqFt	-	-
Institutional[3]	3.04	per SqFt	23,000	70,000
Hotel	9.32	per SqFt	-	-
Industrial	3.24	per SqFt	800	NA
Subtotal			23,800	70,000
Total SEADIF				**3,990,000**
Grand Total				**140,640,000**
Average CFF Increase Needed to Offset Termination of SWADIF and SEADIF				**28.44%**

Note: "DU" = dwelling unit and "SqFt" = square foot.
[1] Assume average fee equals fee for "residential low density (2-8 units/acre)" category.
[2] Assume average fee equals fee for "residential medium density (13-18 units/acre)" category.
[3] Assume average fee equals fee for "private schools" category.
[4] Excludes growth from Roseland area.
Sources: City of Santa Rosa, *Master Fee Schedule*, July 1, 2017; Strategic Economics.

Table A.2: Capital Facilities Fee Project List Summary

Facility Category	Revenues & Costs (2017 $)	Share of Costs	Assumptions
Roadways & intersections			
Forecast CFF Revenue	$ 88,320,000	45%	
Project Costs	198,000,000		Maintain General Plan LOS through 2040
Net Surplus/(Deficit)	$ (109,680,000)		
Alternative Funding	80,400,000	41%	60% of Hwy. 101 interchanges funded by transportation sales tax (Meas. M), plus state & federal grants
Net Surplus/(Deficit)	$ (29,280,000)	(15%)	
Bicycle & Pedestrian			
Forecast CFF Revenue	$ 15,050,000	34%	
Project Costs	44,410,000		High priority projects in B&P Master Plan
Net Surplus/(Deficit)	$ (29,360,000)	(66%)	
Public Safety			
Forecast CFF Revenue	$ 18,000,000	24%	
Project Costs	75,160,000		Needs based on staff estimates for 2040
Net Surplus/(Deficit)	$ (57,160,000)		
Alternative Funding	48,000,000	64%	80% of New Public Safety Building funded by future general obligation bond
Net Surplus/(Deficit)	$ (9,160,000)	(12%)	
Storm Drainage			
Forecast CFF Revenue	$ 17,860,000	100%	
Project Costs	17,860,000		Costs set equal to revenue[1]
Net Surplus/(Deficit)	$ -	0%	
Fee Administration			
Forecast CFF Revenue	$ 1,410,000	100%	
Project Costs	1,410,000		Costs set equal to revenue
Net Surplus/(Deficit)	$ -	0%	
Total All Capital Facilities			
Forecast CFF Revenue	**$ 140,640,000**	42%	
Project Costs	**336,840,000**		
Net Surplus/(Deficit)	**$ (196,200,000)**		
Alternative Funding	**128,400,000**	38%	
Net Surplus/(Deficit)	**$ (67,800,000)**	**(20%)**	

[1] Storm drainage needs still to be determined so costs set to equal fee revenue.

Sources: Tables 3.16 and Table A.3.

Table A.3: Capital Facilities Fee Projects
2017-2040 (preliminary)

Description		Cost (2017 $)
Roadways & Intersections		
Highway 12 from Melita to Pythian	$	15,000,000
W. College Ave. from Marlow to Fulton		10,000,000
Hearn Ave. Interchange from At Hwy 101		29,000,000
Mendocino Ave Interchange from At Hwy 101		35,000,000
Fulton/Wright Interchange from At Hwy 12		30,000,000
Todd Rd. Interchange from At Hwy 101		40,000,000
Sebastopol Rd. West from Wright Rd to Corp. Ctr.		11,000,000
Stony Pt. Rd. South from Hearn to Bellevue/Ludwig		6,000,000
Todd Road from Standish to US 101		2,000,000
Intersections - Locations that become deficient between 2017-2040		20,000,000
Subtotal Roadways & Intersections	$	198,000,000
Bicycle & Pedestrian		
Bicycle - Chanate Road- Montecito Avenue	$	1,000,000
Bicycle - Guerneville Road- Steele Lane- Lewis Road		2,000,000
Bicycle - 6th Street- 4th Street		450,000
Bicycle - 3rd Street - Montgomery Drive		1,000,000
Bicycle - Sebastopol Road		450,000
Bicycle - Neotomas Avenue		125,000
Bicycle - Range Avenue- Cleveland Avenue		625,000
Bicycle - Roseland Creek Trail		3,300,000
Bicycle - Class III Network Review		TBD
Ped - Proposed Connector** - Cleveland Avenue to Armory Drive - Pedestrian Segments		15,000,000
Ped - West 3rd Street/ 3rd Street - Roberts Avenue to Railroad Street - SMART Development		500,000
Ped - Chanate Road - Cobblestone Drive to Chanate Court		500,000
Ped - Hoen Avenue - Brookside Drive to Hahman Drive		800,000
Ped - Guerneville Road - Marlow Road to Ridley Avenue		450,000
Ped - Fulton Road (West Side) - Piner Road to Wishing Well Way		1,006,000
Ped - Hearn Avenue - Corby Avenue to Santa Rosa Avenue (part of Hearn I/C project)		See above
Ped - West College Avenue - Marlow Road (North East Corner) to Sparrow Creek Street		500,000
Ped - Stony Point Road - Northpoint Parkway to Bellevue Avenue		1,500,000
Ped - Wilson Street (West Side) - 4th Street to 3rd Street		200,000
Ped - 4th Street - B Street to Morgan Street		TBD
Bicycle - Jennings Avenue- Sonoma Highway		15,000,000
Subtotal Bike & Pedestrian	$	44,406,000

Table A.3: Capital Facilities Fee Projects
2017-2040 (preliminary) (continued)

Description	Cost (2017 $)
Public Safety	
Move Station 8 to Hearn and Victoria area	$ 5,000,000
New Public Safety Building	60,000,000
Build permanent Station 11	4,000,000
Station 2 BC dorms and apparatus bay	2,000,000
Fire Station (Kawana Terrace) Station 9	4,164,000
Subtotal Public Safety	$ 75,164,000
Storm Drainage	
Specific projects TBD, cost based on available CFF revenue allocation	$17,860,000
Total (excludes fee administration costs)	**$335,430,000**

Notes: Roadway and intersection projects costs based on maintaining General Plan level of service in 2040.
Bicycle and pedestrian projects based on high priority projects in bicycle and pedestrian master plan.
Public safety projects based on staff estimates of facility needs by 2040.
Storm drainage to be determined based on needs; costs equal forecast revenue.
Fee administration costs equal one percent of total revenue.
Costs do not include design, environmental, and right-of-way.

Source: City of Santa Rosa, Bicycle and Pedestrian Master Plan, 2010; Kittelson & Associates; City of Santa Rosa.

Table A.4: Forecast Park Impact Fee Revenue
Existing Fee Schedule

Land Use Category	Existing Fee	Growth (DU)	Revenue (2017 $)
Northwest			
Single Family	$ 10,368	3,354	$ 34,774,272
Multifamily	7,625	2,531	19,298,875
Subtotal		5,885	$ 54,073,147
Northeast			
Single Family	$ 11,860	2,019	$ 23,945,340
Multifamily	8,721	1,390	12,122,190
Subtotal		3,409	$ 36,067,530
Southwest			
Single Family	$ 9,808	1,428	$ 14,005,824
Multifamily	7,213	578	4,169,114
Subtotal		2,006	$ 18,174,938
Southeast			
Single Family	$ 9,763	1,599	$ 15,611,037
Multifamily	7,178	801	5,749,578
Subtotal		2,400	$ 21,360,615
Citywide	*Average Fee*		
Single Family	10,516	8,400	$ 88,336,473
Multifamily	7,800	5,300	41,339,757
Total		13,700	**$129,676,230**

Note: For existing fees, used single family detached fee for single family, and multifamily for multifamily.

Sources: City of Santa Rosa, *Master Fee Schedule*, July 1, 2017; Strategic Economics.

Table A.5: Park Projects
2017-2040

Description	Cost (2017 $)
Adobe Future NP	Funded
Flatrock NP	$ 1,000,000
Frances Nielsen OS	1,000,000
Nagasawa Community	5,000,000
Skyhawk	3,500,000
Tanglewood	2,000,000
Upper Brush Creek Trail Park	1,690,000
A Place to Play	21,600,000
Jack London	2,230,000
Jack London School Park	2,000,000
Piner Future NP	4,000,000
Youth Community	27,800,000
Kawana Springs Community	19,970,000
Kawana Springs/Tokay NP	1,640,000
SW Zone Community Center & Pool	45,000,000
Dutton Future NP	6,000,000
Dutton Paseo Vista Future NP	Funded
Lower Colgan (Colgan Bellevue)	6,230,000
Moorland NP	Funded
Roseland Creek Community	21,680,000
Southwest Community	4,000,000
Subtotal	$ 176,340,000
Forecast Park Impact Fees Revenue	$ 129,680,000
Difference	$ (46,660,000)
SW Zone Community Center & Pool	45,000,000
Difference	$ (1,660,000)

Source: City of Santa Rosa.