
CITY OF CORONA

LOCAL TRAFFIC FACILITIES DEVELOPMENT IMPACT FEE STUDY

JUNE 2020



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1. Introduction

This report summarizes an analysis of the need for local traffic facilities near the intersection of Duncan Way and Howe Street in the City of Corona to accommodate new development. The report documents a reasonable relationship between new development and an impact fee for funding new facilities.

The focus of this study is to fund the completion of local street frontage improvements on Nelson Street, Courtney Street, Howe Street, and Duncan Way that are required as a direct result of demand brought on by new development. This study provides the documentation to establish a local traffic facilities fee for the properties directly adjacent to the improvements.

Background and Study Objectives

The primary policy objective of a development impact fee program is to ensure that new development pays the capital costs associated with growth. Although growth also imposes operating costs, only facilities costs can be funded by through impact fees. The primary purpose of this report is to calculate and present fees that will enable the City to expand its inventory of traffic facilities, as new development creates increases in service demands.

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

All development impact fee-funded capital projects should be programmed through the City's five-year Capital Improvement Plan (CIP). Using a CIP can help the City identify and direct its fee revenue to public facilities projects that will accommodate future growth. By programming fee revenues to specific capital projects, the City can help ensure a reasonable relationship between the new development paying the fees and the facilities funded by the fees.

Cost Allocation Approach

There are three methods for allocating to new development its fair share of the costs of providing new facilities commonly used in impact fee studies:

- The **planned facilities** approach allocates costs based on the ratio of planned facilities that serve new development to the increase in demand associated with new development. This approach is appropriate when specific planned facilities that only benefit new development can be identified, when the specific share of facilities benefiting new development can be identified, or when the identified planned facilities represent a lower standard than the existing standard. **This approach is used to calculate the local traffic facilities fees in this study.**
- The **system plan** approach is based on a master facility plan in situations where the needed facilities serve both existing and new development. This approach allocates existing and planned facilities across existing and new development to determine new development's fair share of facility needs. This approach is used when it is not possible to differentiate the benefits of new facilities between new and existing development. Often the system plan is based on increasing facility standards, so the City must find non-impact fee revenue sources to fund existing development's fair share of planned facilities. This approach is not used in this study.
- The **existing inventory** approach is based on a facility standard derived from the City's existing level of facilities and existing demand for services. This approach results in no facility deficiencies attributable to existing development. This approach is often used when a long-range plan for new facilities is not available. Only the initial

facilities to be funded with fees are identified in the fee study. Future facilities to serve growth will be identified through the City's annual capital improvement plan and budget process and/or completion of a new facility master plan. This approach is not used in this study.

Based on discussions with City staff, it was determined that the planned facilities method is most appropriate to use in this case. A fee per linear feet of frontage is calculated based on the cost of planned facilities divided by the linear feet of frontage to the improvements. The resulting cost per linear foot of frontage is the basis of the impact fee.

Local Traffic Facilities Fee Schedule Summary

Table E.1 summarizes the local traffic facilities impact fees that meet the City's identified needs and comply with the requirements of the *Mitigation Fee Act*.

**Table E.1: Maximum Justified Local Traffic
Facilities Development Impact Fee**

Total Fee per Linear Foot	\$	288.47
Fee for Parcel with 25' Frontage	\$	7,212
Fee for Parcel with 50' Frontage	\$	14,424
Fee for Parcel with 56.39' Frontage	\$	16,267
Fee for Parcel with 57.61' Frontage	\$	16,619
Fee for Parcel with 161.71' Frontage	\$	46,648
Fee for Parcel with 185' Frontage	\$	53,367
Fee for Parcel with 230' Frontage	\$	66,348

Sources: Tables 1 and 3

2. Local Traffic Facilities Fee Analysis

Portions of Duncan Way, Howe Street, Courtney Street and Nelson Street do not yet have street frontage, such as curb, gutter and sidewalk. The impact fee proposed in this report will allocate the costs to construct the needed street frontage improvements to the properties adjacent to the proposed improvements.

Demand for Street Improvements

Development directly adjacent to the frontage improvements will directly benefit from improvement of the street. As such, the properties along Duncan Way, Howe Street and Courtney Street constitute demand for the improvements. Linear feet of frontage to the proposed street improvements is used as an indicator of demand to determine facility needs and allocate those needs to each individual lot in the fee area.

Some of the properties adjacent to the improvements are already developed and have improved portions of the frontage. These properties do not need to fund more improvements and are excluded from the fee calculation. The remaining undeveloped properties are responsible to fund a share of the street frontage improvements. Six of the developed properties have not funded their share of the improvements and have liens recorded against the properties. The frontage associated with these properties is included in the calculation of this fee.

Table 1 summarizes the lots that constitute demand for this local traffic facilities impact fee. The amount of linear feet of frontage to the improvements is calculated for each lot. Lot numbering corresponds with the numbering in **Figure 1**.

The map shows Block "E" of the Overlook Addition, bounded by Hayden Avenue to the north, Turner Street to the east, Duncan Way to the south, and Courtney Street to the west. The block is divided into lots 1 through 30. Lots 1 through 10 are located along Duncan Way, and lots 11 through 20 are located along Turner Street. Lots 21 through 30 are located along Courtney Street. The map also shows the intersection of Nelson Street and Howe Street. A legend indicates that hatched areas represent "DEVELOPER CONSTRUCTED IMPROVEMENTS" and solid grey areas represent "DEVELOPMENT FEE PAID TO CITY".

LOT LISTING:

- LOT 1: 157.03'
- LOT 2: 128.40'
- LOT 3: 50'
- LOT 4: 50'
- LOT 5: 50'
- LOT 6: 50'
- LOT 7: 50'
- LOT 8: 50'
- LOT 9: 50'
- LOT 10: 50'
- LOT 11: 50'
- LOT 12: 50'
- LOT 13: 50'
- LOT 14: 50'
- LOT 15: 50'
- LOT 16: 50'
- LOT 17: 50'
- LOT 18: 50'
- LOT 19: 50'
- LOT 20: 50'
- LOT 21: 50'
- LOT 22: 50'
- LOT 23: 50'
- LOT 24: 50'
- LOT 25: 50'
- LOT 26: 50'
- LOT 27: 50'
- LOT 28: 50'
- LOT 29: 50'
- LOT 30: 50'

STREETS:

- HAYDEN AVENUE
- TURNER STREET
- DUNCAN WAY
- COURTNEY STREET
- NELSON STREET
- HOWE STREET

LEGEND:

- DEVELOPER CONSTRUCTED IMPROVEMENTS
- DEVELOPMENT FEE PAID TO CITY

Table 1: Linear Feet of Unimproved Road Frontage

Lot No.	Feet of Frontage	Lot No.	Feet of Frontage
Duncan Way (Block "H" of the Overlook Addition)		Duncan Way (Block "G" of the Overlook Addition)	
1	185	9	57.61
2	50	10	50
3	50	11	50
4 Lien	50	12	50
5 Lien	50	13 Lien	50
6 Lien	50	14	Developer Improved
7	50 Development Fee Paid to City	15	Developer Improved
8	50 Development Fee Paid to City	16	50
9	50	17	55.5
10	50	18	50 Development Fee Paid to City-
11	50	19	50
12	50	20	50
13	50	21	Developer Improved
14	50 Development Fee Paid to City	22	Developer Improved
15	50	23	Developer Improved
16	50	24	Developer Improved
17	56.39	25	185
Road Easement	25 City Lot	Road Easement	25 City Lot
Subtotal	1,016.39	Subtotal	723.11
Howe Street (Block "E" of the Overlook Addition)		Turner Street (South)	
16 Lien	180	1	55
17 Lien	50	Subtotal	55
18 Lien	50	Courtney Street (South)	
19 Lien	50	1	157 City Lot
20 Lien	50	2	140 City Lot
21	50 Development Fee Paid to City	Subtotal	297
22	50 Development Fee Paid to City	Nelson Street (East)	
23	50 Development Fee Paid to City	1	85 City Lot
Subtotal	530	Subtotal	85
		Total Frontage	2,706.5

Local Traffic Facilities Improvement Costs

Table 2 details the cost of the street frontage improvements. Once constructed, the improvements will complete the street frontage along Duncan Way, Howe Street, Courtney Street and Nelson Street. The cost of the improvements is based upon the contractor bid and cost estimates for inspection and geotechnical testing. In total, the proposed street improvements are estimated to cost after deducting the developer improvement costs is \$765,437.97

Table 2: Construction Cost – Phase 1

Item Description	Unit of Measure	Quantity	Unit Price	Item Cost
Mobilization	L.S.	1	32,000	32,000
Traffic Control	L.S.	1	25,800	25,800
Implementation of BMP'S/SWPPP	L.S.	1	23,100	23,100
Project Information Signs	EA	2	1,205	2,410
Public Notification	L.S.	1	2,105	2,105
Reclaimed Water Consumption	L.S.	1	6,975	6,975
Clearing and Grubbing	L.S.	1	4,950	4,950
Survey	L.S.	1	14,200	14,200
Television Inspection	L.S.	1	5,230	5,230
Install Survey Monument Well	EA	3	536	1,608
Remove AC Dike	L.F.	110	10.05	1,105.50
Remove AC Pavement	S.F.	8,500	0.90	7,650
Remove Pipe Gate	L.S.	1	999	999
Relocate Air Vacuum	EA	1	3,785	3,785
Install 1" Water Service	EA	1	2,840	2,840
Install 4" Sewer Lateral	EA	1	5,467	5,467
Unclassified Excavation Final Pay Item	CY	1,861	28	52,108
Unclassified Fill Final Pay Item	CY	1,165	13	15,145
Import (RAW) Final Pay Item	CY	700	22.50	15,750
6" Crushed Miscellaneous Base	Ton	1,600	15.65	25,040
3" Hot Mixed Asphalt Type C2-PG 70-10	Ton	825	70.50	58,162.50
0.15' AC Cap Type C@ PG 70-10	Ton	175	85.30	14,927.50
Cold Milling	S.F.	2,600	2.80	7,280
Metal Beam Guard Rail	L.F.	114	88	10,032
2'-6" Segmented Retaining Wall	L.F.	100	125.50	12,550
4" PCC Driveway	S.F.	1,600	11.30	18,080
Type 6A Curb STD Plan 137	L.F.	350	21.41	7,493.50
Type 6 Curb & Gutter STD Plan 135	L.F.	2,400	26.61	63,864
PCC Curb & Gutter Transition	L.F.	20	47.50	950
Drive Approach STD Plan 128	SF	1350	10.50	13,567.50
Blue Dots STD Plan 531	EA	7	27	189
Thermoplastic Striping and Signage	L.S.	1	2,870	2,870
Remove PCC Driveway	S.F.	1,400	2.33	3,262
Remove Guard Post	EA	6	132	792
Remove Curb	L.F.	50	26	1,300
Install Redwood Header	L.F.	47	12.50	587.50
Protect Manholes	EA	5	263	1,315

Double Adjust Manhole Frame and Cover to Final Grade	EA	5	1,420	7,100
Protect and Clean Water Valve	EA	17	211	3,587
Adjust Valve to Grade	EA	17	500	8,500
Relocate Fire Hydrant	EA	3	6,308	18,924
Hydroseed	S.F.	9,900	0.53	5,247
Relocate and Reconnect Curb Drain STD Plan 202	L.S.	1	3,785	3,785
Subtotal				512,633
Contingency @ 10%				51,263
Construction Subtotal				564,196
Design				90,808
Inspection				65,000
Geotechnical				40,000
Contract Administration @ 2.5%				25,300
Total Project Cost				784,704

Street Improvements Cost Reduction

Some development has occurred on Duncan Way where the developer was conditioned to complete the street improvement. The City requested that the developer only base pave the street where his development occurred, and the City will cap those areas where the developer base paved and the developer will reimburse the City for the final cap and design cost for the street improvements plans. Design and construction support costs were determined by the ratio of the cost reduction to the total project cost minus the cost reduction.

These fees were determined based upon the contractor's construction bid

Table 2A: Developer Construction Cost – Phase 1

Developer AC Cap Improvements				
0.15' AC Cap Type C2-PG 70-10	Ton	84	85.30	7,165.20
Contingency @ 10%				716.52
Construction Subtotal				7,881.72
Design				10,065.55
Inspection				652.87
Geotechnical				401.76
Contract Administration				264.13
Subtotal				19,266.03
Total Project Cost to Undeveloped lots				765,437.97

Cost Allocation

Based on the total improvement cost shown in Table 2 and the linear feet of frontage to the improvements identified in Table 1, **Table 3** shows new development's cost per linear foot of frontage minus the linear frontage of City Lot 1. A two percent (2%) charge for fee program administration is added to the total base fee per linear foot. The administrative charge will fund City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

Table 3: Cost per Linear Foot of Frontage

Total Construction Cost	\$	765,437.97
Total Linear Feet of Frontage		<u>2,706.50</u>
Base Fee per Linear Foot of Frontage	\$	282.81
Administration (2%)		<u>5.66</u>
Cost per Linear Foot	\$	288.47

Sources: Tables 1 and 2

Fee Schedule

Table 4 shows the maximum justified local traffic facilities fee schedule. The cost per linear foot of frontage multiplied by different amounts of frontage to determine the fee for every lot dimension included in the study area.

Table 4: Maximum Justified local Traffic Facilities Development Impact Fee

Total Fee per Linear Foot	\$	288.47	
Fee for Parcel with 25' Frontage	\$	7,212	
Fee for Parcel with 50' Frontage	\$	14,424	
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Fee for Parcel with 57.61' Frontage	\$	16,619	
Fee for Parcel with 161.71' Frontage	\$	46,648	(City Lots 2 and portion of Lot 1)
Fee for Parcel with 185' Frontage	\$	53,367	
Fee for Parcel with 230' Frontage	\$	66,348	

Sources: Tables 1 and 3

3. Implementation

Impact Fee Program Adoption Process

Impact fee program adoption procedures are found in the *California Government Code Section 66016*. Adoption of an impact fee program requires the City Council to follow certain procedures including holding a public meeting. A fourteen-day mailed public notice is required for those registering for such notification. Data, such as an impact fee report, must be made available at least 10 days prior to the public meeting. Your legal counsel should inform you of any other procedural requirements as well as advice regarding adoption of an enabling ordinance and/or a resolution. After adoption there is a mandatory 60-day waiting period before the fees go into effect. This procedure must also be followed for fee increases.

Inflation Adjustment

Appropriate inflation indexes should be identified in a fee ordinance including an automatic adjustment to the fee annually. Separate indexes for land and construction costs should be used. The construction cost index can be based on the City's recent capital project experience or can be taken from any reputable source, such as the *Engineering News-Record*.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of the Mitigation Fee Act. For facilities to be funded by a combination of public fees and other revenues, identification of the source and amount of these non-fee revenues is essential. Identification of the timing of receipt of other revenues to fund the facilities is also important.

Fee Accounting

The City anticipates constructing the improvements first and reimbursing itself with the fee revenues. The City should track revenues to ensure that the fee revenues are only used to fund the identified improvements in this report.

4. Mitigation Fee Act Findings

Fees are assessed and typically paid when a building permit is issued and imposed on new development projects by local agencies responsible for regulating land use (cities and counties). To guide the imposition of facilities fees, the California State Legislature adopted the *Mitigation Fee Act* with Assembly Bill 1600 in 1987 and subsequent amendments. The *Act*, contained in *California Government Code* §§66000 – 66025, establishes requirements on local agencies for the imposition and administration of fees. The Act requires local agencies to document five statutory findings when adopting fees.

The five findings in the Act required for adoption of the maximum justified fees documented in this report are: 1) Purpose of fee, 2) Use of fee Revenues, 3) Benefit Relationship, 4) Burden Relationship, and 5) Proportionality. They are each discussed below and are supported throughout this report.

Purpose of Fee

- *Identify the purpose of the fee (§66001(a)(1) of the Act).*

We understand that it is the policy of the City that new development will not burden the existing service population with the cost of facilities required to accommodate growth. Implementation Program 36 of the City's General Plan states that "The City shall continue to impose fees on development projects to provide revenue for required supporting public infrastructure and services and mitigation of transportation, environmental (including MSHCP), and other impacts in accordance with State nexus legislation." The purpose of the fees proposed by this report is to implement this policy by providing a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide local street frontage to new development.

Use of Fee Revenues

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

Fees proposed in this report, if enacted by the City, would be available to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City. Fees addressed in this report have been identified by the City to be restricted to funding local street frontage along Nelson Street, Courtney Street, Howe Street and Duncan Way as identified above in Figure 1.

A list of the facilities needed to serve new development is identified in Table 2 of this report. More thorough descriptions of these planned facilities are included in City planning documents and are available from City staff. The City may change the list of planned facilities to meet changing needs and circumstances of new development, as it deems necessary. The fees should be updated if these amendments result in a significant change in the fair share cost allocated to new development.

Benefit Relationship

- *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

We expect that the City will restrict fee revenue to the improvements used to serve new development as shown in Table 2 of this report. The City should keep fees in a segregated account. Facilities funded by the fees are will directly benefit the adjacent properties being charged the fee. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential that will pay the fees.

Burden Relationship

- *Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For a given facility category, demand is measured by a single facility standard that can be applied across land use types to ensure a reasonable relationship to the type of development. For the local traffic facilities impact fee, improvement cost standards are calculated based linear feet of local street frontage from new development.

Proportionality

- *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the local street frontage adjacent to the improvements. Different projects have different amounts of frontage, and the fees reflect these differences in demand. Thus, the fees can ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.