CITY OF BANNING

DEVELOPMENT IMPACT FEE UPDATE STUDY

FINAL

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Executive Summary

This report summarizes an analysis of the maximum justified development impact fees allowable to support future development in Banning through 2040. It is the City's intent that the costs representing future development's share of public facilities and capital improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this analysis are divided into the fee categories listed below:

- Police Facilities;
- Fire Facilities;
- Parks and Recreation Facilities;
- General City Facilities;
- Wastewater Facilities; and,
- Water Facilities.

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, there is no similar system to generate revenue from new development for services. The primary purpose of this report is to calculate and present fees that will enable the City to expand its inventory of public facilities as new development creates increases in service demands.

The City imposes public 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 new development and the use of fee revenues as required by the *Mitigation Fee Act*.

Facility Standards and Costs

There are three approaches typically used to calculate facilities standards and allocate the costs of planned facilities to accommodate growth in compliance with the *Mitigation Fee Act* requirements.

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 used for the fire, police, general city facilities and parkland and parks fees in this study.

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,

or when the specific share of facilities benefiting new development can be identified. Examples include street improvements to avoid deficient levels of service or a wastewater trunk line extension to a previously undeveloped area. This approach is used for the wastewater facilities and water facilities fees in this report.

The **system plan** approach is based on a master facilities 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 report.

Use of Fee Revenues

Impact fee revenue must be spent on new facilities or expansion of current facilities to serve new development. Facilities can be generally defined as capital acquisition items with a useful life greater than five years. Impact fee revenue can be spent on capital facilities to serve new development, including but not limited to: land acquisition, construction of buildings and infrastructure, the acquisition of vehicles or equipment, information technology, software licenses and equipment.

Development Impact Fee Schedule Summary

Table E.1 summarizes the maximum justified development impact fees that meet the City's identified needs and comply with the requirements of the *Mitigation Fee Act*. Table E.2 summarizes the City's existing impact fee schedule.

Table E.1: Maximum Justified Impact Fee Summary

Land Use	Police Facilities	Fire Protection Facilities	Parkland and Parks	General City Facilities	Wastewater Facilities[1]	Water Facilities[1]	Total - Maximum Justified Impact Fees
Residential - Fee per Dwelling Unit							
Single Family	$ 1,200	$ 746	$ 3,840	$ 521	$ 5,061	$ 9,744	$ 21,112
Multifamily	982	610	3,142	426	5,061	9,744	19,965
Nonresidential - Fee per 1,000 Sq. Ft.							
Commercial	$ 351	$ 486	$ -	$ 493	See notes	See notes	$ 1,330
Office	458	633	-	643	See notes	See notes	1,734
Industrial	170	236	-	239	See notes	See notes	645

[1] Fee charged by EDU. Refer to Chapter 13.08 of the City's municipal code for the amount of EDUs associated with various types of development.

Sources: Tables 3.6, 4.5, 5.8, 6.6, 7.5 and 8.5.

Table E.2: Existing Fee Schedule Summary

Land Use	Police Facilities	Fire Protection Facilities	Parkland and Parks[1]	General City Facilities	Wastewater Facilities[2]	Water Facilities[2]	Total
Residential - Fee per Dwelling Unit[3]							
Single Family	$ 823	$ 1,335	$ 1,955	$ 478	$ 2,786	$ 7,232	$ 14,609
Multifamily	913	1,335	2,168	530	2,786	7,232	14,964
Nonresidential - Fee per 1,000 Sq. Ft.[4]							
Commercial	$ 472	$ 579	See notes	$ 208	See notes	See notes	$ 1,259
Office	192	841	See notes	302	See notes	See notes	1,335
Industrial	73	468	See notes	168	See notes	See notes	709

[1] Nonresidential fees charged per at $1,233 per acre.

[2] Nonresidential fees depend on project and are not listed in fee schedule.

[3] Single family detached fee shown for single family and multifamily fee shown for multifamily. Refer to fee schedule for full listing of current fees.

[4] Commercial/Shopping Center 50,000 SF or less fee shown for commercial, Office/Institutional 25,000 SF or less fee shown for office and light industrial fee shown for industrial. Refer to fee schedule for full listing of current fees.

Source: City of Banning Fee Schedule.

Other Funding Needed

Impact fees may only fund the share of public facilities related to new development in Banning. They may not be used to fund the share of facility needs generated by existing development or by development outside of the City. As shown in **Table E.2,** approximately $56 million in additional funding will be needed to complete the projects the City currently plans to develop. Non-fee funding is needed because these facilities are needed partially to remedy existing deficiencies and partly to accommodate new development.

The City will need to develop alternative funding sources to fund existing development's share of the planned facilities. Potential sources of revenue include but are not limited to: existing or new general fund revenues, existing or new taxes, special assessments, grants and future rate increases.

Table E.3: Non-Impact Fee Funding Required

Fee Category	Net Project Cost	Projected Impact Fee Revenue	Additional Funding Required
Police Facilities[1]	$ 11,324,544	$ 15,903,000	$ -
Fire Protection Facilities[1]	10,972,000	10,972,000	-
Parkland and Parks	15,180,030	15,180,030	-
General City Facilities	12,022,191	5,151,000	6,871,191
Wastewater Facilities[2]	82,944,919	73,712,000	9,232,919
Water Facilities[2]	210,351,986	165,829,200	44,522,786
Total	$ 342,795,670	$ 286,747,230	$ 56,048,440

[1] Additional facilities will need to be identified to maintain existing facility standard as growth occurs.

[2] Exsting fund balances applied to existing development's share of total project costs.

Sources: Tables 3.5, 4.4, 5.6, 6.5, 7.3 and 8.3.

1. Introduction

This report presents an analysis of the need for public facilities to accommodate new development in Banning. This chapter provides background for the study and explains the study approach under the following sections:

- Public Facilities Financing in California;
- Study Objectives;
- Banning Impact Fee Program;
- Fee Program Maintenance;
- Study Methodology; and
- Organization of the Report.

Public Facilities Financing in California

The changing fiscal landscape in California during the past 40 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

- The passage of a string of tax limitation measures, starting with Proposition 13 in 1978 and continuing through the passage of Proposition 218 in 1996;
- Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses; and
- Steep reductions in federal and state assistance.

Faced with these trends, many cities and counties have had to adopt a policy of "growth pays its own way." This policy shifts the burden of funding infrastructure expansion from existing ratepayers and taxpayers onto new development. This funding shift has been accomplished primarily through the imposition of assessments, special taxes, and development impact fees also known as public facilities fees. Assessments and special taxes require the approval of property owners and are appropriate when the funded facilities are directly related to the developing property. Development impact fees, on the other hand, are an appropriate funding source for facilities that benefit all development jurisdiction-wide. Development impact fees need only a majority vote of the legislative body for adoption.

Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. Program 2.C under Policy 2 of the Banning General Plan states that the City will "Investigate and identify the broad range of sources of financing and operating revenue, including Development Impact Fees, Mello Roos special districts, public/private ventures, state and federal grant opportunities, developer fees and inter-agency joint use agreements to supplement revenues collected for parks and recreation purposes" The primary purpose of this report is to update the City's impact fees based on the most current available facility plans and growth projections. The proposed fees will enable the City to expand its inventory of public facilities as new development leads to increases in service demands.

The City imposes public 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 presented in this report.

Banning is forecast to experience moderate growth through this study's planning horizon of 2040. This growth will create an increase in demand for public services and the City facilities required to deliver them. Given the revenue challenges described above, Banning has decided to use a development impact fee program to ensure that new development funds the share of facility costs associated with growth. This report makes use of the most current available growth forecasts and facility plans to update the City's existing fee program to ensure that the City's fee program is representative of the facility needs resulting from new development.

Banning Impact Fee Program

Banning currently charges impact fees to fund the expansion of fire, police, traffic control, parkland and parks, general city, water and wastewater facilities to serve new development. The fees were established in 2006. This study provides the documentation needed for a comprehensive update of the City's impact fee program.

Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. To avoid collecting inadequate revenue, the inventories of existing facilities and costs for planned facilities must be updated periodically for inflation, and the fees recalculated to reflect the higher costs. The use of established indices for each facility included in the inventories (land, buildings, and equipment), such as the *Engineering News-Record*, is necessary to accurately adjust the impact fees. For a list of recommended indices, see Chapter 9.

While fee updates using inflation indices are appropriate for annual or periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, it is recommended to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available. For further detail on fee program implementation, see Chapter 9.

Study Methodology

Development impact fees are calculated to fund the cost of facilities required to accommodate growth. The six steps followed in this development impact fee study include:

1. **Estimate existing development and future growth:** Identify a base year for existing development and a growth forecast that reflects increased demand for public facilities;
2. **Identify facility standards:** Determine the facility standards used to plan for new and expanded facilities;
3. **Determine facilities required to serve new development:** Estimate the total amount of planned facilities, and identify the share required to accommodate new development;
4. **Determine the cost of facilities required to serve new development:** Estimate the total amount and the share of the cost of planned facilities required to accommodate new development;
5. **Calculate fee schedule:** Allocate facilities costs per unit of new development to calculate the development impact fee schedule; and
6. **Identify alternative funding requirements:** Determine if any non-fee funding is required to complete projects.

The key public policy issue in development impact fee studies is the identification of facility standards (step #2, above). Facility standards document a reasonable relationship between new

development and the need for new facilities. Standards ensure that new development does not fund deficiencies associated with existing development.

Types of Facility Standards

There are three separate components of facility standards:

- *Demand standards* determine the amount of facilities required to accommodate growth, for example, park acres per thousand residents, square feet of library space per capita, or gallons of water per day. Demand standards may also reflect a level of service such as the vehicle volume-to-capacity (V/C) ratio used in traffic planning.
- *Design standards* determine how a facility should be designed to meet expected demand, for example, park improvement requirements and technology infrastructure for city office space. Design standards are typically not explicitly evaluated as part of an impact fee analysis but can have a significant impact on the cost of facilities. Our approach incorporates the cost of planned facilities built to satisfy the City's facility design standards.
- *Cost standards* are an alternate method for determining the amount of facilities required to accommodate growth based on facility costs per unit of demand. *Cost standards* are useful when demand standards were not explicitly developed for the facility planning process. *Cost standards* also enable different types of facilities to be analyzed based on a single measure (cost or value), and are useful when different facilities are funded by a single fee program. Examples include facility costs per capita, cost per vehicle trip, or cost per gallon of water per day.

New Development Facility Needs and Costs

A number of approaches are used to identify facility needs and costs to serve new development. This is often a two-step process: (1) identify total facility needs, and (2) allocate to new development its fair share of those needs.

There are three common methods for determining new development's fair share of planned facilities costs: the **system plan method**, the **planned facilities method,** and the **existing inventory method**. Often the method selected depends on the degree to which the community has engaged in comprehensive facility master planning to identify facility needs.

The formula used by each approach and the advantages and disadvantages of each method is summarized below:

Existing Inventory Method

The existing inventory method allocates costs based on the ratio of existing facilities to demand from existing development as follows:

$$\frac{\text{Current Value of Existing Facilities}}{\text{Existing Development Demand}} = \$/\text{unit of demand}$$

Under this method new development funds the expansion of facilities at the same standard currently serving existing development. By definition the existing inventory method results in no facility deficiencies attributable to existing development. This method 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 are identified through an annual capital improvement plan and budget process, possibly after completion of a new facility master plan. This approach is used for the fire, police, general city facilities and parkland and parks fees in this study.

Planned Facilities Method

The planned facilities method allocates costs based on the ratio of planned facility costs to demand from new development as follows:

$$\frac{\text{Cost of Planned Facilities}}{\text{New Development Demand}} = \$/\text{unit of demand}$$

This method is appropriate when planned facilities will entirely serve new development, or when a fair share allocation of planned facilities to new development can be estimated. An example of the former is a wastewater trunk line extension to a previously undeveloped area. An example of the latter is expansion of an existing library building and book collection, which will be needed only if new development occurs, but which, if built, will in part benefit existing development, as well. Under this method new development funds the expansion of facilities at the standards used in the applicable planning documents. This approach is used for the wastewater facilities and water facilities fees in this report.

System Plan Method

This method calculates the fee based on: the value of existing facilities plus the cost of planned facilities, divided by demand from existing plus new development:

$$\frac{\text{Value of Existing Facilities + Cost of Planned Facilities}}{\text{Existing + New Development Demand}} = \$/\text{unit of demand}$$

This method is useful when planned facilities need to be analyzed as part of a system that benefits both existing and new development. It is difficult, for example, to allocate a new fire station solely to new development when that station will operate as part of an integrated system of fire stations that together achieve the desired level of service.

The system plan method ensures that new development does not pay for existing deficiencies. Often facility standards based on policies such as those found in General Plans are higher than existing facility standards. This method enables the calculation of the existing deficiency required to bring existing development up to the policy-based standard. The local agency must secure non-fee funding for that portion of planned facilities required to correct the deficiency to ensure that new development receives the level of service funded by the impact fee. This method is not used in this report.

Organization of the Report

The determination of a public facilities fee begins with the selection of a planning horizon and development of growth projections for population and employment. These projections are used throughout the analysis of different facility categories and are summarized in Chapter 2.

Chapters 3 through 9 identify facility standards and planned facilities, allocate the cost of planned facilities between new development and existing development, and identify the maximum justified development impact fee for each of the following facility categories:

- Police Facilities;
- Fire Facilities;
- Parks and Recreation Facilities;
- General City Facilities;
- Wastewater Facilities; and,
- Water Facilities.

Chapter 9 details the procedures that the City must follow when implementing a development impact fee program. Impact fee program adoption procedures are found in *California Government Code* Sections 66016 through 66018.

The five statutory findings required for adoption of the proposed public facilities fees in accordance with the Mitigation Fee Act are documented in Chapter 10.

2. Growth Forecasts

Growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This chapter explains the source for the growth projections used in this study based on a 2018 base year and a planning horizon of 2040.

Estimates of existing development and projections of future growth are critical assumptions used throughout this report. These estimates are used as follows:

- The estimate of existing development in 2018 is used as an indicator of existing facility demand and to determine existing facility standards.
- The estimate of total development at the 2040 planning horizon is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2018 through 2040 are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

The demand for public facilities is based on the service population, dwelling units or nonresidential development creating the need for the facilities. The service population for police, fire and general city facilities includes residents and workers. The service population for parks and libraries includes only residents. Demand for wastewater and water facilities is based on flow generation factors that vary by land use. Wastewater, water and storm drain demand factors are provided per dwelling unit, per thousand building square feet of nonresidential space and per hotel room.

Land Use Types

To ensure a reasonable relationship between each fee and the type of development paying the fee, growth projections distinguish between different land use types. The land use types that impact fees have been calculated for are defined below.

- **Single family:** Detached and attached one-unit dwellings on individually owned lots.
- **Multi-family:** All attached multi-family dwellings including duplexes and condominiums.
- **Commercial:** All commercial and retail development.
- **Office:** All general, professional, and medical office development.
- **Industrial:** All business park, manufacturing and other industrial development.

Some developments may include more than one land use type, such as a mixed-use development with both multi-family and commercial uses. In those cases, the facilities fee would be calculated separately for each land use type.

The City has the discretion to determine which land use type best reflects a development project's characteristics for purposes of imposing an impact fee and may adjust fees for special or unique uses to reflect the impact characteristics of the use.

Existing and Future Development

Table 2.1 shows the estimated number of residents, dwelling units, employees, and building square feet in banning, both in 2018 and in 2040. The base year estimates of residents and dwelling units comes from the California Department of Finance. Future resident and dwelling unit

are based on draft Growth Figures from SCAG's Integrated Growth Forecast from the 2016-2040 Regional Transportation Plan (RTP).

Base year employees identified by the U.S. Census Bureau, OnTheMap Application for 2015, the latest data available. Total projected workers in 2040 identified by SCAG, allocated to land use categories using current proportions.

Table 2.1: Demographic Assumptions

	2018	2040	Increase
Residents[1]	29,917	60,988	31,071
Dwelling Units[2]			
Single Family	9,679	19,500	9,821
Multifamily	2,473	4,991	2,518
Total	12,152	24,491	12,339
Building Square Feet (000s)[3]			
Commercial	887	2,993	2,106
Office	562	1,895	1,333
Industrial	290	977	687
Total	1,739	5,865	4,126
Employment[4]			
Commercial	2,121	7,154	5,033
Office	1,753	5,913	4,160
Industrial	336	1,133	797
Total	4,210	14,200	9,990

Note: Figures have been rounded to the hundreds.

[1] Current population from California Department of Finance (DOF). Projection total for 2040 from City's 2018 Integrated Master Plan

[2] Current values from DOF. Total units projected from Integrated Master Plan.

[3] Equivalent building square footage estimated by dividing employees by occupancy density factors.

[4] Total, less local government (public administration) workers identified by the U.S. Census Bureau, OnTheMap Application, http://onthemap.ces.census.gov for 2015, the latest data available. Total projected workers in 2040 identified by SCAG, allocated to land use categories using current proportions.

Sources: California Department of Finance (DOF), Table E-5, 2018; 2016-2040 RTP/SCS Final Growth Forecast by Jurisdiction; U.S. Census Bureau, OnTheMap Application, http://onthemap.ces.census.gov; Willdan Financial Services.

Occupant Densities

The police facilities, library facilities, and parkland and parks fees are based on allocating a cost per resident or employee to new development. Occupant density assumptions ensure a reasonable relationship between the size of a development project, the increase in service population associated with the project, and the amount of the fee.

Occupant densities (residents per dwelling unit or workers per building square foot or hotel room) are the most appropriate characteristics to use for these impact fees. The fee imposed should be based on the land use type that most closely represents the probable occupant density or impervious surface (for storm drain fees) of the development.

The average occupant density factors used in this report are shown in **Table 2.2**. The residential density factors are based on data for Banning from the U.S. Census' American Community Survey. The nonresidential occupancy factors are based on occupancy factors found in the *Employment Density Study Summary Report*, prepared for the Southern California Association of Governments by The Natelson Company. Though not specific to Banning, the Natelson study covered employment density over a wide array of land use and development types, making it reasonable to apply these factors to other areas.

Table 2.2: Occupant Density

Residential		
Single Family	2.53	Residents Per Dwelling Unit
Multifamily	2.07	Residents Per Dwelling Unit
Nonresidential		
Commercial	2.39	Employees per 1,000 square feet
Office	3.12	Employees per 1,000 square feet
Industrial	1.16	Employees per 1,000 square feet

Sources: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates, Tables B25024 and B25033; The Natelson Company, Inc., Employment Density Study Summary Report, prepared for the Southern California Association of Governments, October 31, 2001, SCAG region data; Willdan Financial Services.

3. Police Facilities

This chapter documents the impact fee for police facilities. A fee schedule is presented based on the existing facilities standard of general government facilities in the City of Banning to ensure that new development provides adequate funding to meet its needs.

Service Population

Police facilities are used to provide services to both residents and businesses. The service population used to determine the demand for police facilities includes both residents and workers.

Table 3.1 shows the existing and future projected service population for police facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for these services, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and reflects the degree to which nonresidential development yields a lesser demand for police facilities.

Table 3.1: Police Facilities Service Population

	A	*B*	*C = A + (B x 0.31)*
	Residents	**Workers**	**Service Population**
Existing (2018)	29,917	4,210	31,200
New Development (2018-2040)	31,071	9,990	34,200
Total (2040)	60,988	14,200	65,400
Weighting factor[1]	1.00	0.31	

[1] Workers are weighted at 0.31 of residents based on a 40 hour work week out of a possible 128 non-work hours in a week (40/128 = 0.31)

Source: Table 2.1; Willdan Financial Services.

Facility Inventories and Standards

This section describes the City's police facility inventory, the cost of planned facilities and facility standards.

Existing Inventory

Table 3.2 shows the existing inventory of police facilities, along with the facilities' estimated replacement value. The estimated land value was developed based an analysis of recently sold land, as reported by Zillow.com, and is used consistently throughout this report to value City-owned land. The present value of debt service payments made to date on the police headquarters building is also listed as an owned asset. Likewise, the present value of remaining payments is subsequently listed as a planned facility in the next table.

Table 3.2: Existing Police Facilities Land and Building Inventory

	Inventory	Units	Unit Cost	Value
Police Station - 125 E Ramsey St				
Land[1]	1.90	acres	$ 29,000	$ 55,100
Police Headquarters Building - Present Value of Debt Payments[2]				14,447,000
Subtotal				$14,502,100
Total Value of Existing Facilities				$14,502,100

[1] Total acreage is 3.26 acres. Parcel is shared with City Hall. Proportional share of land included here based on police station size relative to size of City Hall.
[2] See Appendix Table A.1. Figure has been rounded to the thousands.

Sources: City of Banning; zillow.com; Willdan Financial Services.

Planned Facilities

Table 3.3 shows the additional police facilities the City plans to develop through the 2040 planning horizon. The City plans to pay the remaining debt of the police headquarters that will serve existing and new development. The City also acknowledges that additional facilities will need to be identified to serve new development.

Table 3.3: Planned Police Facilties

Project Name	Total Project Cost
Total Debt Outstanding - Police Headquarters[1]	$ 11,345,169
Less Existing Fund Balance	20,625
Net Cost	$ 11,324,544

[1] Discounted to 2018$. Discount rate assumed to be 3.5% per year. See Appendix Table A.1.

Source: City of Banning.

Table 3.4 calculates the City's existing per capita investment in police facilities. This value is calculated by dividing value of the City's existing facility inventory by the existing service population. The value per capita is multiplied by the worker weighting factor of 0.31 to determine the value per worker.

Table 3.4: Police Facilities Existing Standard

Value of Existing Facilities	$	14,502,100
Existing Service Population		31,200
Cost per Capita	$	465
Facility Standard per Resident	$	465
Facility Standard per Worker[1]		144

[1] Based on a weighing factor of 0.31.

Sources: Tables 3.1 and 3.2; City of Banning; Willdan Financial Services.

Revenue Projection

The City plans to use police facilities fee revenue to construct improvements to add to the system of police facilities to serve new development. **Table 3.5** details a projection of fee revenue, based on the service population growth increment identified in Table 3.1. The City will have to identify $4.6 million of additional police facilities to maintain the existing facility standard through the planning horizon.

Table 3.5: Revenue Projection - Existing Standard

Cost per Capita	$	465
Growth in Service Population (2018- 2040)		34,200
Fee Revenue	$	15,903,000
Net Cost of Planned Facilities		11,324,544
Additional Facilities to Be Identified	$	4,578,456

Sources: Tables 3.1, 3.3 and 3.4.

Use of Fee Revenue

The City can use this fee revenue to pay for the debt service on the existing police headquarters. The City can also use police facilities fee revenues for the construction or purchase of buildings, equipment and land that are part of the system of police facilities serving new development. The City plans to use the fee revenues to fund the facilities shown in Table 3.3.

Fee Schedule

Table 3.6 shows the maximum justified police facilities fee schedule. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities

(persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The total fee includes a two percent (2%) percent administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and citywide administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

In Willdan's experience with impact fee programs, two percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 3.6: Police Facilities Fee - Existing Standard

	A	*B*	*C = A x B*	*D = C x 0.02*	*E = C + D*	*F = E / 1,000*
Land Use	**Cost Per Capita**	**Density**	**Base Fee[1]**	**Admin Charge[1, 2]**	**Total Fee[1]**	**Fee per Sq. Ft.**
Residential						
Single Family	$ 465	2.53	$ 1,176	$ 24	$ 1,200	
Multi-family	465	2.07	963	19	982	
Nonresidential						
Commercial	$ 144	2.39	$ 344	$ 7	$ 351	$ 0.35
Office	144	3.12	449	9	458	0.46
Industrial	144	1.16	167	3	170	0.17

[1] Persons per dwelling unit or per 1,000 square feet of nonresidel

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2.2 and 3.4; Willdan Financial Services.

4. Fire Protection Facilities

The purpose of the fire impact fee is to fund the fire protection facilities needed to serve new development. An impact fee is presented based on the existing facilities standard of fire protection facilities per capita.

Service Population

Fire protection facilities are used to provide services to both residents and businesses in the City of Banning. The service population used to determine the demand for fire protection facilities includes both residents and workers. **Table 4.1** shows the current fire protection facilities service population and the estimated service population at the planning horizon of 2040.

Table 4.1: Fire Facilities Service Population

	A	*B*	*C = A + (B x 0.69)*
	Residents	**Workers**	**Service Population**
Existing (2018)	29,917	4,210	32,822
New Development (2018-2040)	31,071	9,990	37,964
Total (2040)	60,988	14,200	70,800
Weighting factor[1]	1.00	0.69	

[1] Service population worker demand factor based on City of Phoenix service call data weighted by the relative proportions of residential and nonresidential land use in the City.

Source: Table 2.1; City of Banning; Willdan Financial Services.

To calculate service population for fire protection facilities, residents are weighted at 1.00. A worker is weighted at 0.69 of one resident to reflect the lower per capita need for fire services associated with businesses.

The specific 0.69 per worker weighting used here is derived from an extensive study carried out by planning staff in the County of Phoenix. Data from that study is used to calculate a per capita factor that is independent of land use patterns. It is reasonable to assume that relative demand for fire service between residents and workers does not vary substantially on a per capita basis across communities, enabling the use of this data in other communities in the documentation of a fire protection facilities impact fee.

Facility Inventory

Table 4.2 presents an inventory of existing fire protection facilities, including land, buildings, vehicles and technology equipment in Banning. Replacement cost estimates for buildings, vehicles and equipment were provided by the City, based on recent assessments of their owned facility inventories. In total, the City has invested approximately $9.5 million in fire protection facilities.

Table 4.2: Existing Fire Facilities Land and Building Inventory

	Inventory	Units	Unit Cost	Value
Land (acres)				
Fire Station (89) No.1 - 172 N Murray Street	1.61	acres	$ 29,000	$ 46,690
Fire Station No. 20 - 1550 E 6th Street[1]	-	acres	29,000	-
Fire Station - 5261 W. Wilson[2]	1.14	acres	29,000	33,060
Fire Services/ Fire Chief - 3900 W Wilson Street	0.48	acres	29,000	13,920
Subtotal	3.23			$ 93,670
Buildings (square feet)				
Fire Station (89) No.1 - 172 N Murray Street	6,000	Sq. Ft.	$ 420	$ 2,520,000
Fire Station No. 20 - 1550 E 6th Street[1]	-	Sq. Ft.	420	-
Fire Station - 5261 W. Wilson[2]	9,190	Sq. Ft.	420	3,859,800
Fire Services/ Fire Chief - 3900 W Wilson Street	4,544	Sq. Ft.	420	1,908,480
Subtotal	19,734	Sq. Ft.		$ 8,288,280
Vehicles and Apparatus				
2005 Smeal Custom Multi Funct. Engine				$ 550,000
2005 Smeal Gen 1 Pumper				550,000
2007 Ford Ranger				18,000
Subtotal				$ 1,118,000
Total Value of Existing Facilities				$ 9,499,950

[1] No value for this facility because it is owned by the City of Beaumont.

[2] Facility is currently used for storage.

Source: zillow.com; City of Banning; Willdan Financial Services.

Facility Standards

Table 4.4 calculates the City's existing per capita investment in fire protection facilities. This value is calculated by dividing value of the City's existing facility inventory by the existing service population. The value per capita is multiplied by the worker weighting factor of 0.69 to determine the value per worker.

Table 4.3: Fire Protection Facilities Existing Standard

Value of Existing Facilities	$	9,499,950
Existing Service Population		32,822
Cost per Capita	$	289
Facility Standard per Resident	$	289
Facility Standard per Worker[1]		199

[1] Based on a weighing factor of 0.69.

Sources: Tables 4.1 and 4.2; Willdan Financial Services.

Revenue Projection

The City plans to use fire facilities fee revenue to construct improvements to add to the system of fire protection facilities to serve new development. **Table 4.4** details a projection of fee revenue, based on the service population growth increment identified in Table 4.1. This fee will generate $10.97 million through 2040.

Table 4.4: Revenue Projection - Existing Standard

Cost per Capita	$	289
Growth in Service Population (2018 - 2040)		37,964
Fee Revenue	$	10,972,000

Sources: Tables 4.1 and 4.3.

Fee Schedule

Table 4.5 shows the maximum justified fire protection facilities fee schedule. The City can adopt any fee up to this amount. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The total fee includes a two-percent (2.0%) administrative charge to fund costs that include: a standard overhead charge applied to 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.

In Willdan's experience with impact fee programs, two-percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the

charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 4.5: Fire Protection Facilities Fee - Existing Standard

Land Use	A Cost Per Capita	B Density	C = A x B Base Fee[1]	D = C x 2.5% Admin Charge[1, 2]	E = C + D Total Fee[1]	F = E / 1,000 Fee per Sq. Ft.
Residential						
Single Family	$ 289	2.53	$ 731	$ 15	$ 746	
Multifamily	289	2.07	598	12	610	
Nonresidential						
Commercial	$ 199	2.39	$ 476	$ 10	$ 486	$ 0.49
Office	199	3.12	621	12	633	0.63
Industrial	199	1.16	231	5	236	0.24

[1] Persons per dwelling unit or per 1,000 square feet of nonresidential.

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2.2 and 4.3; Willdan Financial Services.

5. Parkland and Parks

The purpose of the parkland and parks impact fee is to fund the parkland and parks facilities needed to serve new development. The maximum justified impact fee is presented based on the existing plan standard of parkland and parks per capita.

Service Population

Park and recreation facilities in Banning primarily serve residents. Therefore, demand for services and associated facilities is based on the City's residential population. **Table 5.1** shows the existing and future projected service population for parkland and parks. Note that the growth in service population excludes 20,865 residents associated with the Rancho San Gorgonio (3,385 dwelling units) and Pardee (4,862 dwelling units) development projects, who will be dedicating and improving parkland per existing development agreements and are exempt from this fee.

Table 5.1: Parkland and Parks Service Population

	Residents
Existing (2018)	29,917
Growth (2018 - 2040)[1]	10,206
Total (2040)[1]	40,123

[1] Excludes 20,865 residents associated with RSG (3,385 dwelling units) and Pardee (4,862 dwelling units) development projects, who will be dedicating and improving parkland per existing development agreements and are exempt from this fee.

Source: Table 2.1.

Existing Parkland and Parks Inventory

The City of Banning maintains several parks throughout the city. **Table 5.2** summarizes the City's existing parkland and parks inventory in 2018. All facilities are located within the City limits. In total, the inventory includes a total of 67.46 acres of developed parkland and parks.

Table 5.2: Park Land Inventory

Name	Acreage
Dysart Equestrian Park - 2101 W Victory Ave	20.00
Lions Park - 955 S Hargrave St	16.12
Repplier Park - 671 N. San Gorgonio Ave.[1]	14.39
Sylvan Park - 2801 W. Nicolet Street	7.80
Roosevelt Williams Park - 1101 E George St	5.50
Richard Sanchez Park - 3758 Cypress St	3.32
Carpenter Hamilton Park - 99 E Ramsey St	0.33
Total - Parkland	67.46

[1] Includes skateboard park.

Source: City of Banning.

Table 5.3 displays the City's inventory of special use facilities. The total replacement value of the special use facilities is divided by the existing parkland acres to determine a special use facility cost per acre.

Table 5.3: Special Use Facilities Inventory

	Quantity	Units	Unit Cost	Total Value
Community Center / Gym - 769 N San Gorgonio Ave	12,046	Sq. Ft.	$ 150	$ 1,806,900
Senior Center - 769 N San Gorgonio Ave	6,029	Sq. Ft.	150	904,350
Aquatics Center - 749 N San Gorgonio Ave	5,697	Sq. Ft.	150	854,550
Recreation Office - 789 N San Gorgonio Avenue	N/A			-
Lions Park Concessions Building	1,350	Sq. Ft.	150	202,500
Roosevelt Williams Park Recreation Center	2,215	Sq. Ft.	150	332,250
Repplier Park Amphitheatre Bldg - 769 N. San Gorgonio	3,200	Sq. Ft.	150	480,000
Dysart Park Offices	2,200	Sq. Ft.	150	330,000
Total				$ 4,910,550
Total Parkland Acres				67.46
Special Use Facilities Cost per Acre				$ 72,800

Source: City of Banning; Willdan Financial Services.

Parkland and Parks Unit Costs

Table 5.4 displays the unit costs necessary to develop parkland in Banning. This analysis assumes that it costs $556,220 per acre to develop an acre of parkland in Banning based on the cost to develop Roosevelt Park. A value of $29,000 per acre for land acquisition is also included and is consistent with other land assumptions used in this analysis. The cost per acre for special use facilities calculated in Table 3 is also included in the estimate. In total, this analysis assumes that it costs $658,500 to acquire and develop an acre of parkland in Banning.

Table 5.4: Parkland and Parks Unit Costs

	Cost Per Acre	Share of Total Costs
Special Use Facilities	$ 72,800	
Standard Park Improvements[1]	556,200	
Subtotal - Improvements	$ 629,000	96%
Land Acquisition	$ 29,000	4%
Total Cost per Acre	$ 658,000	4%

[1] Based on cost to improve Roosevelt Williams Park.

Sources: City of Banning; zillow.com; Willdan Financial Services.

Parkland and Parks Standards

Park facility standards establish a reasonable relationship between new development and the need for expanded parkland and parks. Information regarding the City's existing inventory of existing parks was obtained from City staff.

The most common measure in calculating new development's demand for parks is the ratio of park acres per resident. In general, facility standards may be based on the Mitigation Fee Act (using a city's existing inventory of parkland and parks), or an adopted policy standard contained in a master facility plan or general plan.

Mitigation Fee Act

The Mitigation Fee Act does not dictate use of a particular type or level of facility standard for public facilities fees. To comply with the findings required under the law, facility standards must not burden new development with any cost associated with facility deficiencies attributable to existing development.[1] A simple and clearly defensible approach to calculating a facility standard is to use the City's existing ratio of park acreage per 1,000 residents. Under this approach, new development is required to fund new parkland and parks at the same level as existing residents have provided those same types of facilities to date.

City of Banning Parkland and Parks Standards

Table 5.4 shows the existing standard for improved park acreage per 1,000 residents based on the type of parkland. In total the City has an existing parkland standard of 2.26 acres per 1,000 residents. The fee analysis in this report will be based on maintaining a 2.26 acre per 1,000 service population standard as new development adds demand for parks in Banning.

[1] See the *Benefit* and *Burden* findings in *Chapter 10, Mitigation Fee Act Findings*.

Table 5.5: Existing Parkland and Parks Standard

Total Park Acreage	67.46
Fund Balance Developed Park Acreage Equivalent[1]	0.20
Total Park Acre Equivalent	67.66
Service Population (2018)	29,917
Existing Standard (Acres per 1,000 Residents)	2.26

[1] Existing fund balance of $130,767 converted to equivalent developed park acreage by dividing fund balance by the cost per developed park acre developed in Table 5.4 ($658,000).

Sources: Tables 5.1 and 5.2; Willdan Financial Services.

Facilities Needed to Accommodate New Development

Table 5.6 shows the parkland and parks needed to accommodate new development at the existing standard. To maintain the standard by the planning horizon new development must fund the purchase and improvement of 23.07 parkland acres, at a total cost of $15.2 million.

Table 5.6: Parkland and Parks to Accommodate New Development

		Land	Improvements	Total
Facility Needs				
Facility Standard (acres/1,000 capita)	*A*	2.26	2.26	2.26
Service Population Growth (2018-2040)[1]	*B*	10,206	10,206	10,206
Facility Needs (acres)	*C =(B/1,000) x A*	23.07	23.07	23.07
Parkland				
Average Unit Cost (per acre)	*D*	$ 29,000	$ 629,000	$ 658,000
Total Cost of Facilities	*E = C x D*	**$ 669,030**	**$ 14,511,000**	**$ 15,180,030**

Note: Totals have been rounded to the thousands.

[1] Excludes 20,865 residents associated with RSG (3,385 dwelling units) and Pardee (4,862 dwelling units) development projects, who will be dedicating and improving parkland per existing development agreements and are exempt from this fee.

Sources: Tables 5.1, 5.4, and 5.5; Willdan Financial Services.

Parks Cost per Capita

Table 5.7 shows the cost per capita of providing new parkland and parks at the existing facility standard. The cost per capita is shown separately for land and improvements. First, the per acre unit costs are multiplied by the acreage standards to determine the total amount of costs needed to serve 1,000 residents. Then, those costs are divided by 1,000 to determine the cost needed to serve one resident.

Table 5.7: Parkland and Parks Investment Per Capita

	Land	Improvements	Total
Investment (per acre)	$ 29,000	$ 629,000	$ 658,000
Facility Standard (acres per 1,000 capita)	2.26	2.26	2.26
Total Investment Per 1,000 capita	$ 66,000	$ 1,422,000	$ 1,488,000
	1,000	1,000	1,000
Investment Per Capita	$ 66	$ 1,422	$ 1,488

Sources: Tables 5.4, and 5.5; Willdan Financial Services.

Use of Fee Revenue

The City plans to use parkland and parks fee revenue to purchase parkland or construct improvements to add to the system of park facilities that serves new development. The City may only use impact fee revenue to provide facilities and intensify usage of existing facilities needed to serve new development.

Fee Schedule

In order to calculate fees by land use type, the investment in parkland and parks is determined on a per resident basis for both land acquisition and improvements. These investment factors (shown in Table 5.7) are investment per capita based on the unit cost estimates and facility standards.

Table 5.8 shows the parkland and parks impact fee for based on the existing standard. The investment per capita is converted to a fee per dwelling unit based on the occupancy density factors in Table 2.2. The total fee includes an administrative charge to fund costs that include: (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting and mandated public reporting.

Table 5.8: Parkland and Parks Impact Fee

Land Use	*A* Cost Per Capita	*B* Density	*C = A x B* Base Fee[1]	*D = C x 2.5%* Admin Charge[1, 2]	*E = C + D* Total Fee[1]
Residential					
Single Family	$ 1,488	2.53	$ 3,765	$ 75	$ 3,840
Multifamily	1,488	2.07	3,080	62	3,142

[1] Fee per dwelling unit.

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2.2 and 5.7; Willdan Financial Services.

6. General City Facilities

The purpose of the fee is to ensure that new development funds its fair share of general government facilities. A fee schedule is presented based on the planned facilities standard of general government facilities in the City of Banning to ensure that new development provides adequate funding to meet its needs.

Service Population

General government facilities serve both residents and businesses. Therefore, demand for services and associated facilities are based on the City's service population including residents and workers.

Table 6.1 shows the existing and future projected service population for general government facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and reflects the degree to which nonresidential development yields a lesser demand for general government facilities.

Table 6.1: General City Facilities Service Population

	A	*B*	*C = A + (B x 0.31)*
	Residents	**Workers**	**Service Population**
Existing (2018)	29,917	4,210	31,200
New Development (2018-2040)	31,071	9,990	34,200
Total (2040)	60,988	14,200	65,400
Weighting factor[1]	1.00	0.31	

[1] Workers are weighted at 0.31 of residents based on a 40 hour work week out of a possible 128 non-work hours in a week (40/128 = 0.31)

Source: Table 2.1; Willdan Financial Services.

Facility Inventories and Standards

This section describes the City's general government facility inventory and facility standards.

Existing Inventory

This study uses the existing standard methodology to calculate fees for general government facilities. The City's general government facilities inventory consists of administrative space at City Hall, a corporation yard, an animal shelter and is listed in **Table 6.2**. The unit cost for the land value assumption of $29,000 per acre is consistent with other chapter in this report. Building

valuations are not shown for facilities that will be replaced by planned facilities. The total value of the City's existing inventory of general government facilities is $6.3 million.

Table 6.2: Existing General City Facilities Inventory

	Inventory	Units	Unit Cost	Value
Land (acres)				
City Hall - 99 E Ramsey St[1]	1.36	acres	$ 29,000	$ 39,468
Animal Shelter - 2242 E Charles St	1.24	acres	29,000	35,950
Corporation Yard - 176 E Lincoln Street	11.08	acres	29,000	321,320
Subtotal	13.68			$ 396,739
Buildings (square feet)				
City Hall - 99 E Ramsey St[2]	21,500	Sq. Ft.	$ -	$ -
Animal Shelter - 2242 E Charles St	5,143	Sq. Ft.	150	771,450
Corporation Yard - 176 E Lincoln Street[2]	32,566	Sq. Ft.	-	-
Corporation Yard - Warehouse	26,200	Sq. Ft.	150	3,930,000
Corporation Yard - Fleet garage	8,040	Sq. Ft.	150	1,206,000
Subtotal	93,449	Sq. Ft.		$ 5,907,450
Total Value of Existing Facilities				$ 6,304,189

[1] Total acreage is 3.26 acres. Parcel is shared with police station. Proportional share of land included here based on City Hall size relative to size of police station.

[2] No value shown for these facilities because planned facilities will replace them.

Source: zillow.com; City of Banning; Willdan Financial Services.

Planned Facilities

Table 6.3 shows the additional general city facilities the City plans to develop through the 2040 planning horizon. Project costs were provided by the City.

Table 6.3: Planned General City Facilities

Project Name	Total Project Cost
City Hall	$ 6,906,500
Corporate Yard - SD-214	5,342,300
Total Cost of Planned Facilities	$ 12,248,800
Less Existing Impact Fee Fund Balance	$ 226,609
Net Cost of Planned Facilities	$ 12,022,191

Sources: City of Banning; Willdan Financial Services.

Cost Allocation

Table 6.4 calculates the City's existing per capita investment in general government facilities. This value is calculated by dividing value of the City's existing facility inventory by the existing service population. The value per capita is multiplied by the worker weighting factor of 0.31 to determine the value per worker.

Table 6.4: Planned General City Facilities - Existing Standard

Value of Existing Facilities	$	6,304,189
Existing Service Population		31,200
Cost per Capita	$	202
Facility Standard per Resident	$	202
Facility Standard per Worker[1]		63

[1] Based on a weighing factor of 0.31.

Sources: Tables 6.1 and 6.2, Willdan Financial Services.

Revenue Projection

The City plans to use general facilities fee revenue to construct improvements to add to the system of general city facilities to serve new development. **Table 6.5** details a projection of fee revenue, based on the service population growth increment identified in Table 6.1. The City will have to identify $6.9 million of alternative funding to fully fund the planned facilities.

Table 6.5: Revenue Projection - Existing Standard

Cost per Capita	$	202
Growth in Service Population (2018- 2040)[1]		25,500
Fee Revenue	$	5,151,000
Net Cost of Planned Facilities		12,022,191
Non-Fee Revenue to Be Identified	$	(6,871,191)

[1] Growth in service population excludes 8,700 capita associated with RSG development, which is exempt from paying this fee under its development agreement with the City.

Sources: Tables 6.1 and 6.4.

Use of Fee Revenue

The City can use general city facilities fee revenues for the construction or purchase of buildings, equipment and land that are part of the system of general city facilities serving new development. The City plans to use the fee revenues to fund the facilities shown in Table 6.3.

Fee Schedule

Table 6.6 shows the maximum justified general city facilities fee schedule. The cost per capita is converted to a fee per unit of new development based on dwelling unit and employment densities (persons per dwelling unit or employees per 1,000 square feet of nonresidential building space). The total fee includes a two percent (2%) percent administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and citywide administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

In Willdan's experience with impact fee programs, two percent of the base fee adequately covers the cost of fee program administration. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

Table 6.6: General City Facilities Fee - Existing Standard

	A	*B*	*C = A x B*	*D = C x 2.0%*	*E = C + D*	*F = E / 1,000*
Land Use	**Cost Per Capita**	**Density**	**Base Fee[1]**	**Admin Charge[1, 2]**	**Total Fee[1]**	**Fee per Sq. Ft.**
Residential						
Single Family Unit	$ 202	2.53	$ 511	$ 10	$ 521	
Multifamily Unit	202	2.07	418	8	426	
Nonresidential						
Commercial	$ 202	2.39	$ 483	$ 10	$ 493	$ 0.49
Office	202	3.12	630	13	643	0.64
Industrial	202	1.16	234	5	239	0.24

[1] Fee per dwelling unit (residential) or per 1,000 square feet (nonresidential).

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2.2 and 6.4; Willdan Financial Services

7. Wastewater Facilities

This chapter summarizes an analysis of the need for wastewater facilities to accommodate growth within the City of Banning. It documents a reasonable relationship between new development and an impact fee to fund wastewater facilities that serve new development.

Wastewater Demand

Estimates of new development and its consequent increased wastewater demand provide the basis for calculating the wastewater facilities fee. The need for wastewater facilities improvements is based on the wastewater demand placed on the system by development. A reasonable measure of demand is a flow generation rate, expressed as the number of gallons per day generated by a specific type of land use. Flow generation rates are a reasonable measure of demand on the City's system of wastewater improvements because they represent the average rate of demand that will be placed on the system per land use designation.

Table 7.1 shows the calculation of wastewater demand flow generation factors by land use category. Wastewater demand for a given land use is related to the demand for a residential dwelling unit to calculate equivalent dwelling units (EDU).

Table 7.1: Wastewater Demand by Land Use

Land Use Type	Flow Generation (GPD/A)[1]	Density[2]	Average Flow Generation/ DU & KSF	Equivalent Dwelling Unit (EDU)
Residential Dwelling Unit	1,020	5.00	204.00	1.00
Nonresidential				
Commercial	1,150	15.25	75.43	0.37
Office	1,150	43.56	26.40	0.13
Industrial	750	26.14	28.70	0.14

[1] Gallons per day per acre.

[2] Dwelling units per acre for residential, thousand square feet per acre for nonresidential. Nonresidential based upon the maximum floor area ratio (FAR) assumption of 0.35 for commercial, 1.0 for office and 0.6 for industrial.

Sources: City of Banning General Plan; City of Banning Integrated Master Plan, 2018 Table 3.19; Willdan Financial Services.

Equivalent Dwelling Unit Growth

Table 7.2 calculates the existing and projected equivalent dwelling units (EDU) based on each land use's wastewater demand factors displayed in Table 7.1. An equivalent dwelling unit represents the demand of all other land uses relative to one single family unit. Also displayed is the total existing and future EDUs for wastewater facilities by land use.

Table 7.2: Wastewater Facilities Equivalent Dwelling Units

	EDU Factor[1]	Existing (DU/KSF)	Projected Growth (DU/KSF)	Existing EDUs	Growth in EDUs	Total
Residential	1.00	12,152	12,339	12,152	12,339	24,491
Nonresidential						
Commercial	0.37	2,121	5,033	785	1,862	2,647
Office	0.13	1,753	4,160	228	541	769
Industrial	0.14	336	797	47	112	159
Subtotal		4,210	9,990	1,060	2,515	3,575
Total				13,212	14,854	28,066
Percent of Total				47.1%	52.9%	100.0%

[1] Per dwelling unit (residential) or thousand building square feet (nonresidential).

Sources: Tables 2.1 and 7.1, Willdan Financial Services.

Planned Facilities

The City recently completed a wastewater system master plan that identified necessary improvements to its wastewater system. The Banning Integrated Master Plan also identified the share of improvements needed to serve existing development, and the share needed to serve new development. **Table 7.3** lists the wastewater projects, costs and allocation to existing and new development, based on the Integrated Master Plan.

Table 7.3: Wasterwater Facilities Allocation to New Development

Project No.	Description	Total CIP Cost Estimate	Allocation to Existing Development	Allocation to New Development
Gravity Mains				
WWGM-1	Gravity Main along Williams Street	$ 298,000	$ 298,000	$ -
WWGM-2	Northern Segment of Gravity Main along Hathaway Street	315,000	315,000	-
WWGM-3A	Casing Under I-10	456,000	456,000	-
WWGM-3B	Gravity Main along Hathaway Street	1,044,000	1,044,000	-
WWGM-4	Gravity Main along Ramsey Street	315,000	315,000	-
WWGM-5	Gravity Main along Charles Street	472,000	472,000	-
WWGM-6	Gravity Main along Livingston Street	315,000	315,000	-
WWGM-7	Gravity Main along Fourth Street	157,000	157,000	-
WWGM-8	Gravity Main along Charles Street	472,000	340,000	132,000
WWGM-9	Gravity Main along Porter Street	319,000	128,000	191,000
WWGM-10	Gravity Main along Porter Street	2,631,000	789,000	1,842,000
WWGM-11	Gravity Main,Porter Street to WWTP	1,541,000	478,000	1,063,000
WWGM-12	Gravity Main south of Charles Street to WWTP	236,000	90,000	146,000
WWGM-13	Gravity Main along Wilson Street	145,000	120,000	25,000
Subtotal		$ 8,716,000	$ 5,317,000	$ 3,399,000
Force Mains				
WWFM-1	Interim Westward Lift Station Force Main Upgrade	$ 485,000	$ 485,000	$ -
Lift Stations				
WWLS-1	Interim Westward Lift Station Upgrade	$ 5,088,000	$ 5,088,000	$ -
New Service Related Improvements				
Gravity Mains				
WWGM-14	Butterfield Offsite Trunk	$ 2,611,000	$ -	$ 2,611,000
WWGM-15	Butterfield-Loma Linda Offsite Trunk	870,000	-	870,000
WWGM-16	Westward Lift Station Bypass	746,000	321,000	425,000
WWGM-17	RSG Main Trunk	6,576,000	-	6,576,000
WWGM-18	Gravity Main along Wilson Street	580,000	-	580,000
WWGM-19	Gravity Main for RMG	435,000	-	435,000
WWGM-20	Gravity Main along Lincoln Street	29,000	-	29,000
WWGM-21	Gravity Main along Cottonwood Road	1,160,000	-	1,160,000
WWGM-22	Gravity Main along Fountain Street	1,595,000	-	1,595,000
WWGM-23	Gravity Main along Longhorn Road	5,801,000	-	5,801,000
WWGM-24	Gravity Main along Bobcat Road	2,204,000	-	2,204,000
WWGM-25	Gravity Main along Sunset Avenue	7,716,000	-	7,716,000
WWGM-26	Gravity Main along Westward Avenue	870,000	-	870,000
WWGM-27	Gravity Main along Mias Canyon Road and Bluff Street	3,626,000	-	3,626,000
WWGM-28	Gravity Main along Florida Street	435,000	-	435,000
WWGM-29	Gravity Main along Almond and Blanchard Street	435,000	-	435,000
WWGM-30	Casing for Gravity Main Crossing I-10	854,000	-	854,000
WWGM-31	Gravity Main along Lincoln Street	870,000	-	870,000
WWGM-32	Gravity Main along Ramsey Street	435,000	-	435,000
Subtotal		$ 37,848,000	$ 321,000	$ 37,527,000

Source: City of Banning, Integrated Master Plan, Wastew ater Capital Improvement Plan Summary.

Table 7.3: Wasterwater Facilities Allocation to New Development Continued

Project No.	Description	Total CIP Cost Estimate	Allocation to Existing Development	Allocation to New Development
Force Mains				
WWFM-2	Force Main along Westward Avenue	$ 1,160,000	$ -	$ 1,160,000
WWFM-3	Force Main along Porter Street	1,305,000	-	1,305,000
WWFM-4	Force Main along Roadrunner Trail	290,000	-	290,000
WWFM-5	Force Main Creek Crossing	290,000	-	290,000
Subtotal		$ 3,045,000	$ -	$ 3,045,000
Lift Stations				
WWLS-2	Distribution Center Lift Station	$ 2,596,000	$ -	$ 2,596,000
WWLS-3	Business Park Lift Station	1,461,000	-	1,461,000
WWLS-4	Porter Street Lift Station	1,076,000	-	1,076,000
WWLS-5	Roadrunner Trail Lift Station	1,225,000	-	1,225,000
WWLS-6	Bluff Street Lift Station	1,275,000	-	1,275,000
Subtotal		$ 7,633,000	$ -	$ 7,633,000
Rehabilitation and Replacement Projects				
Gravity Mains				
WWRR-1	Annual Sewer Replacement	$ 3,280,000	$ 3,280,000	$ -
Lift Stations				
WWRR-2	Caltrans Lift Station Site Improvements	$ 148,000	$ 40,000	$ 108,000
WWRR-3	Westward Lift Station Site Improvements	86,000	86,000	-
Subtotal		$ 234,000	$ 126,000	$ 108,000
Treatment Plant Related Improvements				
WWTP-1	Digestor Cleaning	$ 150,000	$ 150,000	$ -
WWTP-2	Heat Exchanger Repairs	60,000	60,000	-
WWTP-3	Boiler Gas Control Valves	80,000	80,000	-
WWTP-4	Digestor Gas Pipeline	30,000	30,000	-
WWTP-5	WWTP Upgrade	27,000,000	5,000,000	22,000,000
Subtotal		$ 27,320,000	$ 5,320,000	$ 22,000,000
Total		$ 93,649,000	$ 19,937,000	$ 73,712,000

Source: City of Banning, Integrated Master Plan, Wastew ater Capital Improvement Plan Summary.

Cost per EDU

The cost of planned facilities allocated to new development in Table 7.3 is divided by the total growth in EDUs to determine a cost per EDU. **Table 7.4** displays the calculation.

Table 7.4: Cost per EDU

Net Cost of Planned Facilities	$73,712,000
Growth in EDUs	14,854
Cost per EDU	$ 4,962

Sources: Tables 7.2 and 7.3.

Alternative Funding Sources

The City will use existing revenue sources or develop new sources to fund future facilities not required to accommodate growth, to improve existing facility standards, or to fund existing development's fair share of facilities. The City must raise $19.9 million needed to fund the wastewater facilities representing existing development's existing deficiencies identified in the master plan with non-fee revenue sources. Potential sources of revenue include existing or new rates or existing or new taxes. Any new special tax would require two-thirds voter approval. Any new assessments or property-related charge would require majority property owner approval.

Fee Schedule

The maximum justified fee for wastewater facilities is shown in **Table 7.5**. The cost per EDU is the basis of the fee. Refer to Chapter 13.08 of the City's municipal code for the amount of EDUs associated with various types of development. The total fee includes an administrative charge to fund costs that include: (1) a standard overhead charge applied to all City programs for legal, accounting, and other departmental and citywide administrative support, (2) capital planning, programming, project management costs associated with the share of projects funded by the facilities fee, and (3) fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Table 7.5: Wastewater Facilities Impact Fee

	A	*B = A x 0.02*	*C = A + B*
	Cost Per EDU	**Admin Charge[1, 2]**	**Total Fee[1]**
Equivalent Dwelling Unit	$ 4,962	$ 99	$ 5,061

[1] Fee per equivalent dwelling unit.

[2] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 7.1 and 7.4; Willdan Financial Services.

8. Water Facilities

This chapter summarizes an analysis of the need for water facilities to accommodate growth within the City of Banning. It documents a reasonable relationship between new development and an impact fee to fund water facilities that serve new development.

Water Demand

Estimates of new development and its consequent increased water demand provide the basis for calculating the water facilities fee. The need for water facilities improvements is based on the water demand placed on the system by development. A reasonable measure of demand is a flow generation rate, expressed as the number of gallons per day generated by a specific type of land use. Flow generation rates are a reasonable measure of demand on the City's system of water improvements because they represent the average rate of demand that will be placed on the system per land use designation.

Table 8.1 shows the calculation of water demand factors by land use category. The data is based the *City of Banning Integrated Plan (2018)*. Water demand for a given land use is related to the demand for a residential dwelling unit to calculate equivalent dwelling units (EDU).

Table 8.1: Water Demand by Land Use

Land Use Type	Water Demand Factors (GDP/NA)[1]	Density[2]	Average Flow Generation/ DU & KSF	Equivalent Dwelling Unit (EDU)
Residential	2,300	5.00	460.00	1.00
Nonresidential				
Commercial	5,300	15.25	347.63	0.76
Office	5,300	43.56	121.67	0.26
Industrial	1,700	26.14	65.04	0.14

[1] Gallons per day per acre per net acre.

[2] Dwelling units per acre for residential, thousand square feet per acre for nonresidential. Nonresidential based upon the maximum floor area ratio (FAR) assumption of 0.35 for commercial, 1.0 for office and 0.6 for industrial.

Sources: City of Banning General Plan; City of Banning Integrated Master Plan, 2018 Table 3.5; Willdan Financial Services.

Equivalent Dwelling Unit Growth

Table 8.2 calculates the existing and projected equivalent dwelling units (EDU) based on each land use' water demand factors displayed in Table 8.1. An equivalent dwelling unit represents the demand of all other land uses equivalent to one single family unit. Also displayed is the total existing and future EDUs for water facilities by land use.

Table 8.2: Water Facilities Equivalent Dwelling Units

	EDU Factor[1]	Existing (DU/KSF)	Projected Growth (DU/KSF)	Existing EDUs	Growth in EDUs	Total
Residential	1.00	12,152	12,339	12,152	12,339	24,491
Nonresidential						
Commercial	0.76	2,121	5,033	1,612	3,825	5,437
Office	0.26	1,753	4,160	456	1,082	1,538
Industrial	0.14	336	797	47	112	159
Subtotal		4,210	9,990	2,115	5,019	7,134
Total				14,267	17,358	31,625
Percent of Total				45.1%	54.9%	100.0%

[1] Per dwelling unit (residential) or thousand building square feet (nonresidential).

Sources: Tables 2.1 and 8.1, Willdan Financial Services.

Facility Needs and Costs

The City recently completed a water system master plan that identified necessary improvements to its water system. The Banning Integrated Master Plan (2018) also identified the share of improvements needed to serve existing development, and the share needed to serve new development. **Table 8.3** lists the water projects, costs and allocation to existing and new development, based on the Integrated Master Plan.

Table 8.3: Water Facilities Cost to Serve New Development

Project No.	Description	Total CIP Cost Estimate	Allocation to Existing Development	Allocation to New Development
Potable Water Facilities				
Pipelines				
PWP-1	New Transmission Main for Proposed Lower Main Well C-8	$ 414,000	$ -	$ 414,000
PWP-2	New Transmission Main for Upper Main Reservoir 1 (RSG)	5,118,000	4,043,000	1,075,000
PWP-3	New Transmission Main for Proposed Development in Foothill West Z	3,522,000	-	3,522,000
PWP-4	New Transmission Main for Proposed Development in Main Zone (RS	8,288,000	-	8,288,000
PWP-5	New Transmission Main for Foothill West Reservoir 1 & PS (Butterfiel	3,730,000	-	3,730,000
PWP-6	New Transmission Main from Mountain Booster PS to Existing Moun	1,450,000	-	1,450,000
PWP-7	New Transmission Main for Proposed Development in Mountain North	1,865,000	-	1,865,000
PWP-8	New Transmission Main for Proposed Upper Main Well C-9	414,000	-	414,000
PWP-9	New Transmission Main for Mountain North Reservoir 1 & PS (Butterf	4,040,000	1,939,000	2,101,000
PWP-10	New Transmission Main for Upper Main Reservoir 2	394,000	-	394,000
PWP-11	New Transmission Main for Proposed Development in Upper Butterfie	414,000	-	414,000
PWP-12	New Transmission Main for Proposed Upper Butterfield Reservoir (Bu	1,865,000	-	1,865,000
PWP-13	Water Canyon Pipe Phase 2 (City's Existing CIP)	3,250,000	3,250,000	-
PWP-14	New Transmission Main for Proposed Upper Main Well C-10	829,000	-	829,000
PWP-15	New Transmission Main for Proposed Foothill West Well C-11	414,000	-	414,000
PWP-16	New Transmission Main for Proposed Upper Main Well C-1.2	414,000	-	414,000
PWP-17	New Transmission Main for Foothill West Reservior 2	3,108,000	-	3,108,000
PWP-18	New Transmission Main for Upper Main Reservoir 3	4,144,000	-	4,144,000
PWP-19	New Transmission Main for Black Bench Reservoir 1 & PS	3,108,000	-	3,108,000
PWP-20	New Transmission Main for Lorna Linda Reservoir 1 & PS	3,108,000	-	3,108,000
Subtotal		$ 49,889,000	$ 9,232,000	$ 40,657,000
Booster Pump Stations				
PWPU-1.a	Upgrade Existing Mountain Booster Pump Station	$ 729,000	$ 729,000	$ -
PWPU-1.b	Demolish Existing Mountain Booster Pump Station	166,000	166,000	-
PWPU-2	New Foothill West Pump Station	1,044,000	-	1,044,000
PWPU-3	New Mountain 2 Booster Pump Station	696,000	334,000	362,000
PWPU-4	Add VFD to Well C-6	166,000	166,000	-
PWPU-5	Add VFD to Well C-S	166,000	166,000	-
PWPU-6	New Upper Butterfield Zone Pump Station	456,000	-	456,000
PWPU-7	New Loma Linda Pump Station	729,000	-	729,000
PWPU-S	New Black Bench Pump Station	729,000	-	729,000
Subtotal		$ 4,881,000	$ 1,561,000	$ 3,320,000

Source: City of Banning, Integrated Master Plan, Potable Water Capital Improvement Plan Summary.

Table 8.3: Water Facilities Cost to Serve New Development Continued

Project No.	Description	Total CIP Cost Estimate	Allocation to Existing Development	Allocation to New Development
Storage				
PWS-1	Proposed Upper Main Reservoir 1	$ 13,260,000	$ 10,475,000	$ 2,785,000
PWS-2	Proposed Foothill West Reservoir 1	5,594,000	-	5,594,000
PWS-3	Proposed Mountain North Reservoir 1	5,594,000	2,685,000	2,909,000
PWS-4	Proposed Upper Main Reservoir 2	13,260,000	-	13,260,000
PWS-s	Proposed Upper Butterfield Reservoir	3,729,000	-	3,729,000
PWS-6	Proposed Foothill West Reservoir 2	5,594,000	-	5,594,000
PWS-7	Proposed Upper Main Reservoir 3	26,106,000	-	26,106,000
PWS-S	Proposed Black Bench Reservoir 1	5,594,000	-	5,594,000
PWS-9	Proposed Lorna Linda Reservoir 1	3,729,000	-	3,729,000
Subtotal		$ 82,460,000	$ 13,160,000	$ 69,300,000
Wells				
PWW-1	Proposed Main Zone Well C-8	$ 3,422,000	$ -	$ 3,422,000
PWW-2	Convert Well M-7 to Supply the Upper Main Pressure Zone	191,000	-	191,000
PWW-3	Convert Well M-'12 to Supply the Upper Main Pressure Zone	191,000	-	191,000
PWW-4	Proposed Upper Main Well C-9	4,252,000	-	4,252,000
PWW-5	Proposed Upper Main Well C-10	4,251,000	-	4,251,000
PWW-6	Proposed Foothill West Well C-11	4,251,000	-	4,251,000
PWW-7	Proposed Upper Main Well C-12	4,251,000	-	4,251,000
Subtotal		$ 20,809,000	$ -	$ 20,809,000
Valves				
PWV-1	Altitude Valves (City's Existing CIP)	$ 250,000	$ 250,000	$ -
PWV-2	New Pressure Reducing Valve for Rancho San Gorgonio	341,000	-	341,000
PWV-3	Foothill West to Upper Main Zone Pressure Reducing Station	681,000	-	681,000
PWV-4	C2 PRVs'l& 2	681,000		681,000
PWRZ-1	New Pressure Reducing Valves for Re-Zoning	3,424,000	3,424,000	-
Subtotal		$ 5,377,000	$ 3,674,000	$ 1,703,000
Water Yard[1]		$ 3,704,300	$ 1,671,100	$ 2,033,200
Total Potable Water Facilities		$ 167,120,300	$ 29,298,100	$ 137,822,200

[1] Allocated to existing and new development based on share of water EDUs in 2040.

Source: City of Banning, Integrated Master Plan, Potable Water Capital Improvement Plan Summary.

Table 8.3: Water Facilities Cost to Serve New Development Continued

Project No.	Description	Total CIP Cost Estimate	Allocation to Existing Development	Allocation to New Development
Recycled Water Facilities				
Pipelines				
RWP-1	Recycled Water Backbone System	$ 14,172,000	$ 6,378,000	$ 7,794,000
RWP-2	Lion's Park Lateral	435,000	-	435,000
RWP-3	Banning High School Lateral	435,000	-	435,000
RWP-4	Rancho San Gorgonio Lateral	207,000	-	207,000
RWP-5	Neighborhood Park Lateral	145,000	-	145,000
RWP-6	Dysart Park Lateral	1,015,000	-	1,015,000
RWP-7	Five Bridges Development Lateral	199,000	-	199,000
RWP-8	Well R-1 Pipeline	1,036,000	466,000	570,000
RWP-9	Five Bridges Basin Pipeline	1,641,000	738,000	903,000
RWP-10	WWTP Basin Pipeline	547,000	246,000	301,000
Subtotal		$ 19,832,000	$ 7,828,000	$ 12,004,000
Booster Pump Stations				
RWPS-1	WWTP Recycled Water Pump	$ 5,801,000	$ 2,610,000	$ 3,191,000
Wells				
RWW-1	Equip Well R-1	$ 1,707,000	$ -	$ 1,707,000
Storage				
RWS-1	Well R-1 Forebay	$ 3,729,000	$ 1,678,000	$ 2,051,000
Valves				
RWV-1	BCVWD Co-Owned Wells and Interconnect Buildings (2)	$ 5,804,000	$ -	$ 5,804,000
Other				
RWO-1	Five Bridges Site Improvements	$ 3,194,000	$ 3,194,000	$ -
RWO-2	WWTP Basin Site Improvements	411,000	411,000	-
RWO-3	Hydrogeological Study	150,000	150,000	-
RWO-4	Monitoring Wells and Lysimeters	2,984,000	2,984,000	-
RWO-5	404 Permitting	200,000	200,000	-
RWO-6	Recycled Water Master Plan Update	133,000	133,000	-
	Title 22 Improvments	3,250,000	-	3,250,000
Subtotal		$ 10,322,000	$ 7,072,000	$ 3,250,000
Total Recycled Water Facilities		$ 47,195,000	$ 19,188,000	$ 28,007,000
Grand Total - All Water Facilities		$ 214,315,300	$ 48,486,100	$ 165,829,200

Source: City of Banning, Table 9.12 Integrated Master Plan, Recycled Water Capital Improvement Plan.

Table 8.4 calculates a cost per EDU associated by dividing the total cost of projects allocated to new development identified in Table 8.3, by the growth in EDUs identified in Table 8.2

Table 8.4: Cost per EDU

Net Cost of Planned Facilities	$ 165,829,200
Growth in EDUs	17,358
Cost per EDU	$ 9,553

Sources: Tables 8.2 and 8.3.

Fee Schedule

The maximum justified fee for water facilities is shown in **Table 8.5**. The cost per EDU is converted to a fee connection size using American Water Works Association water meter equivalency factors. Refer to Chapter 13.08 of the City's municipal code for the amount of EDUs associated with various types of development. The total fee includes an administrative charge to fund costs that include: (1) a standard overhead charge applied to all City programs for legal, accounting, and other departmental and citywide administrative support, (2) capital planning, programming, project management costs associated with the share of projects funded by the facilities fee, and (3) fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Table 8.5: Water Facilities Impact Fee Schedule

Meter Size	Cost per EDU	EDU Factor	Base Fee	Admin Charge (2.0%)	Total Fee
3/4"	$ 9,553	0.60	$ 5,732	$ 115	$ 5,847
1"	9,553	1.00	9,553	191	9,744
1-1/2"	9,553	2.00	19,106	382	19,488
2"	9,553	3.20	30,570	611	31,181
3"	9,553	6.00	57,318	1,146	58,464
4"	9,553	10.00	95,530	1,911	97,441

Sources: AWWA; Table 8.4, Willdan Financial Services.

9. 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 hearing. Data, such as an impact fee report, must be made available at least 10 days prior to the public hearing. The City's legal counsel should be consulted for 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.

Inflation Adjustment

The City can keep its impact fee program up to date by periodically adjusting the fees for inflation. Such adjustments should be completed regularly to ensure that new development will fully fund its share of needed facilities. We recommend that the following indices be used for adjusting fees for inflation:

- Buildings – Engineering News-Record's Construction Cost Index (CCI)
- Equipment – Consumer Price Index, All Items, 1982-84=100 for All Urban Consumers (CPI-U)

The indices recommended can be found for local jurisdictions (state, region), and for the nation. With the exception of land, we recommend that the national indices be used to adjust for inflation, as the national indices are not subject to frequent dramatic fluctuations that the localized indices are subject to.

Due to the highly variable nature of land costs, there is no particular index that captures fluctuations in land values. We recommend that the City adjust land values based on recent land purchases, sales or appraisals at the time of the update.

While fee updates using inflation indices are appropriate for periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, the City will also need to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available.

Reporting Requirements

The City complies 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.

Programming Revenues and Projects with the CIP

The City maintains a five-year Capital Improvement Program (CIP) to plan for future infrastructure needs. The CIP identifies costs and phasing for specific capital projects. The use of the CIP in this manner documents a reasonable relationship between new development and the use of those revenues.

The City may decide to alter the scope of the planned projects or to substitute new projects if those new projects continue to represent an expansion of the City's facilities. If the total cost of facilities varies from the total cost used as a basis for the fees, the City should consider revising the fees accordingly.

10. Mitigation Fee Act Findings

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

The five statutory findings required for adoption of the public facilities fees documented in this report are presented in this chapter and supported in detail by the preceding chapters. All statutory references are to the *Act.*

Purpose of Fee

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

Development impact fees are designed to ensure that new development will not burden the existing service population with the cost of facilities required to accommodate growth. The purpose of the fees proposed by this report is to provide 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 municipal services 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 used to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City's sphere of influence. Fees addressed in this report have been identified by the City to be restricted to funding the following facility categories: police facilities, fire facilities, parkland and parks, general city facilities, wastewater facilities and water facilities.

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).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the additional residents and workers associated with new development. Under *the Act*, fees are not intended to fund planned facilities needed to correct existing deficiencies. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications 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 each 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 most facility categories service population standards are calculated based upon the number of residents associated with residential development and the number of workers associated with non-residential development. To calculate a single, per capita standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development.

The standards used to identify growth needs are also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

Chapter 2, Growth Forecasts provides a description of how service population and growth forecasts are calculated. Facility standards are described in the *Facility Standards* sections of each facility category chapter.

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 estimated new development growth the project will accommodate. Fees for a specific project are based on the project's size. Larger new development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.

See *Chapter 2, Growth Forecasts,* or the *Service Population, or Equivalent Dwelling Units* sections in each facility category chapter for a description of how service populations or other factors are determined for different types of land uses. See the *Fee Schedule* section of each facility category chapter for a presentation of the maximum justified facilities fees.

Appendix

Table A.1: Police: Debt Service Payments for Police Building from Water Bonds

Date	Total Payment (nom. dollars)	Police Share[1] (nom. dollars)	Discount Factor[2]	Police Share (real dollars)
Past Payments				
2006	$ 2,308,086	$ 896,436	1.511	$ 1,354,576
2007	2,309,513	896,990	1.460	1,309,578
2008	2,307,813	896,329	1.411	1,264,361
2009	2,310,413	897,339	1.363	1,222,981
2010	2,307,138	896,067	1.317	1,179,949
2011	2,309,738	897,077	1.272	1,141,333
2012	2,306,138	895,679	1.229	1,101,018
2013	2,306,538	895,834	1.188	1,063,970
2014	2,310,738	897,465	1.148	1,029,862
2015	2,309,513	896,990	1.109	994,509
2016	2,308,838	896,728	1.071	960,597
2017	2,308,838	896,728	1.035	928,113
2018	2,307,438	896,184	1.000	896,184
	$ 30,010,736	$ 11,655,846		$ 14,447,031
Future Payments				
2019	$ 2,308,456	$ 896,579	0.966	$ 866,260
2020	2,305,950	895,606	0.934	836,058
2021	2,309,700	897,063	0.902	809,099
2022	2,310,710	897,455	0.871	782,080
2023	2,308,950	896,771	0.842	755,057
2024	2,309,450	896,965	0.814	729,682
2025	2,308,825	896,723	0.786	704,816
2026	2,309,788	897,096	0.759	681,265
2027	2,307,075	896,043	0.734	657,454
2028	2,310,688	897,446	0.709	636,216
2029	2,310,100	897,218	0.685	614,546
2030	2,310,313	897,300	0.662	593,818
2031	2,306,063	895,650	0.639	572,682
2032	2,307,350	896,150	0.618	553,625
2033	2,308,650	896,655	0.597	535,205
2034	2,309,700	897,063	0.577	517,341
2035	2,310,238	897,271	0.557	499,963
	$ 39,252,004	$ 15,245,054		$ 11,345,169

[1] Police building share of annual debt service payment assumed to be 38.84% based on facility cost of $13,840,249 relative to total principal of $35,635,000.

[2] Discount rate assumed to be 3.5% per year.

Sources: City of Banning; Willdan Financial Services.