



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

FINAL REPORT

ALAMEDA CITYWIDE DEVELOPMENT FEE NEXUS STUDY

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City of Alameda

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EXECUTIVE SUMMARY

This report provides the necessary technical documentation to support the adoption of a City of Alameda Citywide Development Fee (CDF) program. The CDF program described in this report is based on the current growth projections and infrastructure requirements and is consistent with case law and principles of AB1600/Government Section Code 66000.

Although the City has a limited number of existing impact fees,¹ the City has no comprehensive fee program that considers the overall impacts of new development on citywide infrastructure and service needs. This fee program identifies the extent to which new development may fund the City's infrastructure needs. The program, once adopted, will provide for a consistent and equitable assessment of fees to all new development and will provide prospective developers with a clear picture of development costs in the City. Previously, the City negotiated traffic mitigation on a project-by-project basis, which resulted in a significant amount of uncertainty (and consequent risk) to developers who could not readily assess their costs.

The Citywide Development Fee program will fund Citywide traffic safety and transportation capital improvements, parks and recreation facilities, public buildings, and public safety facilities that will be required to serve existing and new development. For each of these fee categories, this report establishes the purpose, use, relationship, need, and proportionality of the fee. This report documents and summarizes the cost estimates for each capital project, establishes the nexus for each project, and presents a resulting fee schedule. The economic burdens of infrastructure costs and associated fees upon new development are also documented. Finally, this analysis compares the total cost of impact fees, assessments, and other project improvement costs related to public infrastructure in Alameda to other cities with which the City competes for development.

Chapter I of the nexus study presents general requirements of fee programs under AB1600. **Chapter II** discusses the development assumptions used in the analysis and the infrastructure improvements and costs to be funded with the CDF. **Chapter III** establishes the nexus for the CDF and describes the cost allocation method used and the resulting fee rates by land use and category. Technical appendices showing the detailed land use data, infrastructure costs and cost sharing assumptions, traffic analysis, and fee calculations are also included.

This **Executive Summary** addresses key issues that have arisen during the preparation of this nexus study, followed by summaries of the impact fees by land, city district, and fee category.

¹ The City currently charges a Dwelling Unit Tax, an Affordable Housing Fee, and a Police and Fire Impact Fee.

PROPOSED CDF PROGRAM COSTS AND FEES

The CDF program includes 54 separate capital improvement projects, which have a total cost of \$99 million. Of this total, 38 percent of the costs are related to parks and recreation projects and 28 percent are related to transportation improvements. Based on the nexus principles and cost allocations used in the analysis, new development is responsible for \$27.3 million of the total or about 28 percent of the total costs. Existing development would be responsible for about \$71.7 million in CDF program costs.

Table S-1
Summary of CDF Program Costs by Type and Funding Source
Alameda Citywide Development Fee Nexus Study

Type of Improvement	New Development	% of Costs	Existing Development	% of Costs	Total Costs	% of Costs
Traffic Safety/Capital Replacement	\$4,497,304	16%	\$9,638,696	13%	\$14,136,000	14%
Parks and Recreation	\$3,041,274	11%	\$34,603,726	48%	37,645,000	38%
Public Facilities	\$1,447,100	5%	\$6,878,900	10%	\$8,326,000	8%
Public Safety	\$2,581,848	9%	\$8,553,152	12%	\$11,135,000	11%
Transportation	<u>\$15,747,520</u>	58%	<u>\$12,004,480</u>	17%	<u>\$27,752,000</u>	28%
Total Costs	\$26,380,728	28%	\$72,613,272	72%	\$98,994,000	100%

Sources: City of Alameda; Economic & Planning Systems, Inc.

The fair share of CDF program costs allocated to new development has been distributed among nine land use categories and four geographic districts within the City. These distinctions are necessary to fairly allocate CDF costs to uses and districts based upon the infrastructure demands they place upon the City. An estimate of the new citywide development fees calculated in this analysis is provided in **Table S-2**.² As shown, estimated fees are highest in the West End district of the City because this is the area requiring the most extensive transportation and public facilities-serving future growth related to the conveyance of Alameda Point and FISC properties to the City. The Central/East End district has the lowest fees because this area is largely "built out" and requires relatively modest capital facility improvements.

As shown in **Table S-2**, CDF fees range from \$1,882 to \$3,239 per single family unit, depending on density and location. Multi-family, duplex, and live/work unit fees range from \$1,450 to \$2,735 per unit. Non-residential fees range from \$0.36 to \$4.20 per square

² **Table S-2** summarizes fees associated with the CDF program only. **Table 12** in **Chapter V** displays the total fee burden for new development in Alameda (CDF fees in addition to the City's existing fees).

foot, depending on the land use and city district. The transportation impact fees account for the variation in total fees by land use and district. All other impact fees are the same among all districts.

Table S-2
Summary of Proposed Citywide Development Fees by District and Land Use³
Alameda Citywide Development Fee Nexus Study

Land Use Category	City District			
	West End	Northern Waterfront	Central/ East End	Bay Farm Infill
<u>CDF Fees per Unit</u>				
Single Family Low Density	\$3,239	\$3,018	\$3,014	\$2,052
Single Family Med. Density	\$2,832	\$2,655	\$2,652	\$1,882
Duplex	\$2,734	\$2,536	\$2,532	\$1,666
Work/Live	\$2,399	\$2,233	\$2,230	\$1,509
Multi-Family	\$2,517	\$2,320	\$2,316	\$1,450
<u>CDF Fees per SF of Bldg. Space</u>				
General Industrial	\$2.77	\$2.36	\$2.36	\$0.59
Office/Commercial	\$4.03	\$3.45	\$3.44	\$0.93
Retail	\$4.20	\$3.58	\$3.57	\$0.88
Warehouse	\$1.60	\$1.37	\$1.36	\$0.35

Sources: City of Alameda; Economic & Planning Systems, Inc.

³ In compliance with AB1600, the proposed fee rates are calculated after subtracting other potential revenues that would be charged to new development from existing City impact fees (including the public safety fee, affordable housing fee, and the dwelling unit tax). AB1600 requires that any existing fee revenue that is used to fund the same improvements is subtracted from new development's share or the existing fee is discontinued and replaced with the new AB1600 fee.

ECONOMIC CONSIDERATIONS

This analysis includes a comparison of the City of Alameda's existing and proposed impact fees with fees charged by other East Bay cities.⁴

In general, the residential fees are below those charges by other surrounding cities in the East Bay. For non-residential uses, the total fees are comparable with other cities. Specific findings include the following:

- For retail uses, the combined existing and proposed fee, at \$7.43 per square foot, is about 13 percent lower than the \$8.50 per square foot average for other cities reviewed.
- For office/commercial uses, the combined existing and proposed fee, at \$6.69 per square foot, is about 7 percent lower than the \$7.16 per square foot average for surrounding cities.
- For general industrial uses, the combined existing and proposed fee, at \$5.11 per square foot, is about 6 percent lower than the \$5.44 per square foot average for the other cities reviewed.

The existing Affordable Housing fee, as well as the proposed transportation portion of the CDF program, is the largest contributor to the overall cost burden associated with the new fee structure. Because the proposed fees are within the acceptable cost burden ranges, and because they are comparable with competitive jurisdictions, these fees will not deter economic development. This is particularly true given the City's strengthening market position, its positive image, and the increasing scarcity of available land in the Bay Area.

PROJECT BENEFICIARIES: NEW VERSUS EXISTING DEVELOPMENT

The total capital facility improvements required by the service standards developed as part of this study are composed of two items: (1) improvements required to correct existing deficiencies; and (2) improvements required to accommodate new growth. Most of the improvements included in this program serve both purposes. According to AB1600, impact fees cannot be used to correct existing deficiencies in capital facilities. In addition, existing deficiencies in citywide capital facilities will have to be corrected during the life of the impact fee program.

⁴ The City of Alameda's existing Dwelling Unit Tax, Affordable Housing Fee, and Police and Fire Impact Fee, sewer and water connection fees, and School District fees were all included in the comparison of total fee burdens.

A breakdown between the proportion of total facility costs required by buildout attributable to existing development and new growth is provided in **Table S-1**. As shown, there are currently about \$71.7 million in existing deficiencies or improvements that serve existing development. Options for funding existing development's share of the CDF program costs include allocating State and Federal funding sources, allocating general fund revenues, allocating tax increment, implementing additional parcel taxes, and allocating County sales tax revenues.

RELATIONSHIP TO MAJOR DEVELOPMENT PROJECTS

- **Harbor Bay Isle Development.** The City of Alameda has entered into a development agreement which exempts this development from future impact fees. Consequently, new development taking place in Harbor Bay Isle Development will be exempt from the proposed CDF fees. Harbor Bay Isle Development has constructed a range of infrastructure improvements that significantly reduce their obligation. The remaining City obligations under this agreement are minimal. Infill development taking place on Bay Farm Island will be subject to the proposed fees.⁵
- **Naval Air Station/Alameda Point.** While the CDF ordinance will apply to property at Alameda Point in the same way it would apply elsewhere within the jurisdiction, there is a considerable amount of impact generating activity in the form of the reuse of existing former military facilities which would not trigger the application of the CDF ordinance. Typically this would involve the leasing or re-leasing of facilities to commercial enterprises (or the sale or leasing of existing residential units) which would require neither a building permit nor a use permit. The Alameda Reuse and Redevelopment Authority ("ARRA") owns or will own this property and will form a contractual relationship with the City to provide funds in lieu of the CDF based upon leasing volume.
- **Catellus/FISC.** The City of Alameda has also entered into a development agreement with Catellus related to the FISC reuse properties. The agreement states that Catellus will not be subject to future development impact fees imposed by the City. Consequently, the City will fund the Catellus Project's share of CDF fees calculated in this analysis. These fee obligations are estimated to be approximately \$6.8 million. To fund the project's share of capital improvements, the City will need to generate an equivalent amount of funding and appropriate it to the subject infrastructure improvements.

⁵ On Bay Farm Island, there are developable areas that lie outside of Harbor Bay Isle Development.

I. INTRODUCTION

This report provides the necessary technical documentation to support the adoption of a City of Alameda Citywide Development Fee (CDF) program. The CDF program described in this report is based on current growth projections and infrastructure requirements and is consistent with case law and principles of AB1600. In the late 1980s, AB1600 was adopted by the State Legislature to provide for a more consistent and equitable method of charging new development its fair share of required public infrastructure and selected other facilities such as parks. AB1600 applies to all local agencies, as defined in Government Code Section 66000(c), to include cities (both general law and chartered), counties, special districts, school districts, other municipal public corporations, and political subdivisions of the State. The legislation was drafted to establish a uniform process for formulating, adopting, imposing, collecting, accounting for, and protesting fees. The key points of AB1600 are as follows: (1) the facility to be built with the fee revenue must have a direct relationship to the project subject to the fee; and (2) the fee cannot exceed the estimated reasonable cost of the project's proportionate share of the proposed facility.

At present, the City has no comprehensive fee program that considers the overall impacts of new development on citywide infrastructure and service needs. The City does have a few adopted existing impact fees, including an Affordable Housing Fee and Police and Fire Impact Fees. The City also charges a Dwelling Unit Tax, which is currently used to fund parks and recreation improvements.

This fee program represents a comprehensive assessment of infrastructure needs for both existing and new development within the City. The program, once adopted, will provide for a consistent and equitable assessment of fees to all new development and will help to reduce development risks by providing prospective developers with clear information regarding development costs in the City.¹

PURPOSE AND CONTENT OF REPORT

The purpose of the report is to establish a CDF program to fund Citywide traffic safety and transportation capital improvements, parks and recreation facilities, public buildings, and public safety facilities that will be required to serve existing and new development. For each of these fee categories, this report establishes the purpose, use, relationship, need, and proportionality of the fee. This report documents and summarizes the cost estimates for each capital project and establishes the nexus for each project or a portion thereof in the fee schedule. The economic burdens of infrastructure costs and associated fees upon new development are also documented. Lastly, this

¹ Previously, the City negotiated traffic mitigation on a project-by-project basis, which resulted in a significant amount of uncertainty (and consequent risk) to developers who could not readily assess their costs even for large mitigation measures such as traffic.

analysis compares the total cost of impact fees, assessments, and other project improvement costs related to public infrastructure in Alameda to other cities with which the City competes for development.

This report and the underlying technical information should be maintained and reviewed periodically by the City to ensure the CDF's accuracy and to enable the adequate programming of funding sources. The CDF program will need to be updated to the extent that factors such as improvements, requirements, costs, or development potential change over time.

CHARACTERISTICS OF PROPOSED FEE PROGRAM

The proposed CDF, if approved, must be enabled by adoption of a new City Ordinance. The enabling Ordinance would allow the City to adopt, by Resolution, a fee schedule for the CDF, consistent with supporting technical analysis and findings. The Resolution approach to setting the fee allows periodic adjustments of the fee amount that may be necessary over time, without amending the enabling Ordinance.

ANNUAL REVIEW

According to Government Code Section 66000, the local agency requiring payment of the fee must make specific information related to the fee available to the public within 180 days of the last day of the fiscal year. This information includes the following:

- A description of the type of fee in the account.
- The amount of the fee.
- The beginning and ending balance of the fund.
- The amount of fees collected and interest earned.
- Identification of the improvements constructed.
- The total cost of the improvements constructed.
- The fees expended to construct the improvements.
- The percent of total costs funded by the fee.

If sufficient fees have been collected to fund the construction of an improvement, the agency must specify the approximate date for construction of that improvement.

Because of the dynamic nature of growth and infrastructure requirements, the City should monitor development activity, the need for infrastructure improvements, and the adequacy of the fee revenues and other available funding. Formal annual review of the CDF program should occur, at which time adjustments should be made. Costs associated with this monitoring and updating effort will be included in the CDF and are accounted for in the program at three percent of total infrastructure costs.

CREDITS AND REIMBURSEMENT

The CDF Ordinance allows developers to obtain fee credits and reimbursements under certain circumstances. Fee credit and reimbursement requests will be reviewed by City staff and the City Council to ensure that such credits or reimbursements are warranted and appropriate.

A fee credit may be obtained by a developer if the following criteria are met:

- The developer has funded an infrastructure project listed in the City's Capital Improvement Program (CIP).²
- The infrastructure project is considered a "priority" project by the City. An infrastructure project is considered a "priority" if the City has identified funding for it, and if funding was to take place within three years of when the project was completed by the developer.

If approved by City staff and the City Council, the fee credit should equal the most current cost estimate of the infrastructure item (as defined by annual cost review or other recent evaluation of cost) regardless of the actual cost to construct.

Reimbursements will be considered for developers who build and/or dedicate infrastructure improvements that exceed their obligation pursuant to the fee, provided that the project funded is a priority project as defined above. Such reimbursements should be provided as fee revenue becomes available and should include a reasonable factor for interest earned on the reimbursable amount. It should not compromise the implementation of other priority projects in the CIP. A provision for including such interest payments as additional costs in subsequent fees must be included in the Ordinance. Reimbursements would be granted on a discretionary basis only and not granted as a right.

SPECIAL PROJECTS

There are three projects in the City of Alameda that have special circumstances governing how their impacts will be addressed within the context of the proposed Citywide Development Fee:

- **Harbor Bay Isle Development.** The City of Alameda has entered into a development agreement that exempts this development from future impact fees. Consequently, new development taking place within the Harbor Bay Isle Development will be exempt from the proposed CDF fees. A range of infrastructure

² Eligible projects can include items funded through a land-secured financing district.

improvements has been constructed within the Harbor Bay Isle Development, which significantly reduce this development's obligation. The remaining City obligations under this agreement are minimal.

- **Naval Air Station/Alameda Point.** There are also special circumstances surrounding the Alameda Point properties. While the CDF ordinance will apply to property at Alameda Point in the same way it would apply elsewhere within the jurisdiction, there is a considerable amount of impact generating activity in the form of the reuse of existing former military facilities that would not trigger the application of the CDF ordinance. Typically this would involve the leasing or re-leasing of facilities to commercial enterprises (or the sale or leasing of existing residential units) which would require neither a building permit nor a use permit. The Alameda Reuse and Redevelopment Authority ("ARRA") owns or will own this property and will form a contractual relationship with the City to provide funds in lieu of the CDF based upon leasing volume.
- **Catellus/FISC.** The City of Alameda has also entered into a development agreement with Catellus related to the FISC reuse properties. The agreement states that Catellus will not be subject to future development impact fees imposed by the City. Consequently, the City's redevelopment agency, the Community Improvement Commission, will fund the Catellus project's share of CDFs calculated in this analysis. These fee obligations are estimated to be approximately \$6.8 million. To fund the project's share of capital improvements, the City will need to generate an equivalent amount of funding and appropriate it to the subject infrastructure improvements.

SURPLUS FUNDS

The City must perform a yearly review for the portion of fees that are unspent and uncommitted and have been in a designated fee account for five years.³ The City must specify the public improvements for which the funds will be used, specify an approximate date when sufficient funds will be collected, and again show that a reasonable relationship exists between the fee and the purpose for charging the fee. If adequate funding has been collected for a certain improvement, an approximate date must be specified as to when construction on the improvement will begin. If the findings show no need for the unspent funds, or if the conditions discussed above are not met, and if the administrative costs of the refund do not exceed the refund itself, the City must refund them (Government Code 66000).

³ Four accounts will be created to track fee income and expenditures for the following improvement categories: (1) Transportation and Traffic Facilities and Improvements; (2) Public Buildings and Improvements; (3) Public Safety and Public Works Facilities and Equipment; and (4) Parks and Recreation Facilities and Improvements.

SECURING SUPPLEMENTAL FUNDING

The Citywide Development Fee is not adequate to fully fund all capital costs identified in the Technical Report Capital Facilities Improvements Database (see **Appendix B**). While implementing the CDF, the City will need to obtain supplemental funding to pay for improvements related to existing development and improvements not funded by the CDF. As part of the fee adoption, the City must make a finding that it has or expects to have adequate funding to pay for its share of costs. Examples of such sources include the following:

- **General Fund Revenues.** In any given year, the City allocates a portion of its General Fund revenues to discretionary expenditures. Depending on the revenues generated relative to costs and City priorities, the City may allocate General Fund revenues to fund capital facilities costs not covered by the CDF or other funding sources.
- **Federal Transportation Funds.** The Transportation Equity Act for the 21st Century (TEA-21), a federal program, provides funds for transportation-related improvements.
- **State Transportation and Other Local Funding.** The City currently uses Gas Tax revenue to fund the pavement management program and other traffic safety projects. The City receives Measure B monies for transportation projects as well.
- **Assessments and Special Taxes.** The City could fund a portion of capital facilities costs using assessments and special taxes. For example, the establishment of a Mello-Roos Community Facilities District would allow the City to levy a special tax to pay debt service on bonds sold to fund construction of capital facilities or to fund capital facilities directly.
- **Tax Increment.** The City could allocate tax increment revenues toward its share of costs for projects located within Redevelopment Areas.
- **Other Grants and Contributions.** There are varieties of grants and contributions available from State and Federal sources that could help fund a number of capital facilities. In the past, the city has received grants from an Economic Development Agency (EDA) grant and Community Block Development Grants (CBDG). As part of its funding effort, the City should research and monitor these funding sources and apply for funds as appropriate.

II. PROJECT GROWTH AND INFRASTRUCTURE REQUIREMENTS

This chapter describes future development capacity and projected growth assumed in the development of the CDF program. For each type of improvement, the amount of funding proposed to be provided through the CDF is discussed.

The City of Alameda is a relatively “built out” city. New development potential has been made available by the closure of the Naval Air Station Alameda (hereafter “Alameda Point”) and Fleet Industrial Supply Center (FISC) property, which is in the process of being conveyed to the City by the Federal government. Additional development potential exists along the Northern Waterfront area through redevelopment and intensification of existing uses, and development of new uses such as housing. The Central/East End of the City represents the existing core of the City and only modest infill development is expected in this area. There is about 3.0 million square feet of additional commercial space expected to occur at Harbor Bay Business Park on Harbor Bay Isle Development, but only about 25 more housing units. Overall, new development represents a small portion of the City’s total development at buildout.

DEVELOPMENT POTENTIAL: 2000 TO BUILDOUT

The City of Alameda General Plan update is currently underway but will not be completed until 2001. In the interim, City staff has provided estimates of City residential and commercial development potential. These estimates are based on ABAG data and development applications currently under review. These include the Alameda Point and FISC/Catellus EIRs and development applications within the Northern Waterfront Specific Plan area. This information was used to determine the per unit and per square foot fees by land use category. **Table 1** shows the land use categories used in the Citywide Development Fee program and a summary of new development potential compared to existing development.

Development is categorized by four designated districts or geographic areas, which comprise the entire city. These districts include the West End, Northern Waterfront, Central/East End, and Harbor Bay Isle Development, as shown in **Figure 1**. The traffic analysis has been organized around these four districts in order to establish a separate transportation fee for each district. All other impact fees in the CDF, such as parks and public facilities, are proposed to be implemented on a citywide basis. Based on average density assumptions or FARs for each land use, new development is projected to be about 2,500 new dwelling units and about 9.1 million square feet of new building space.

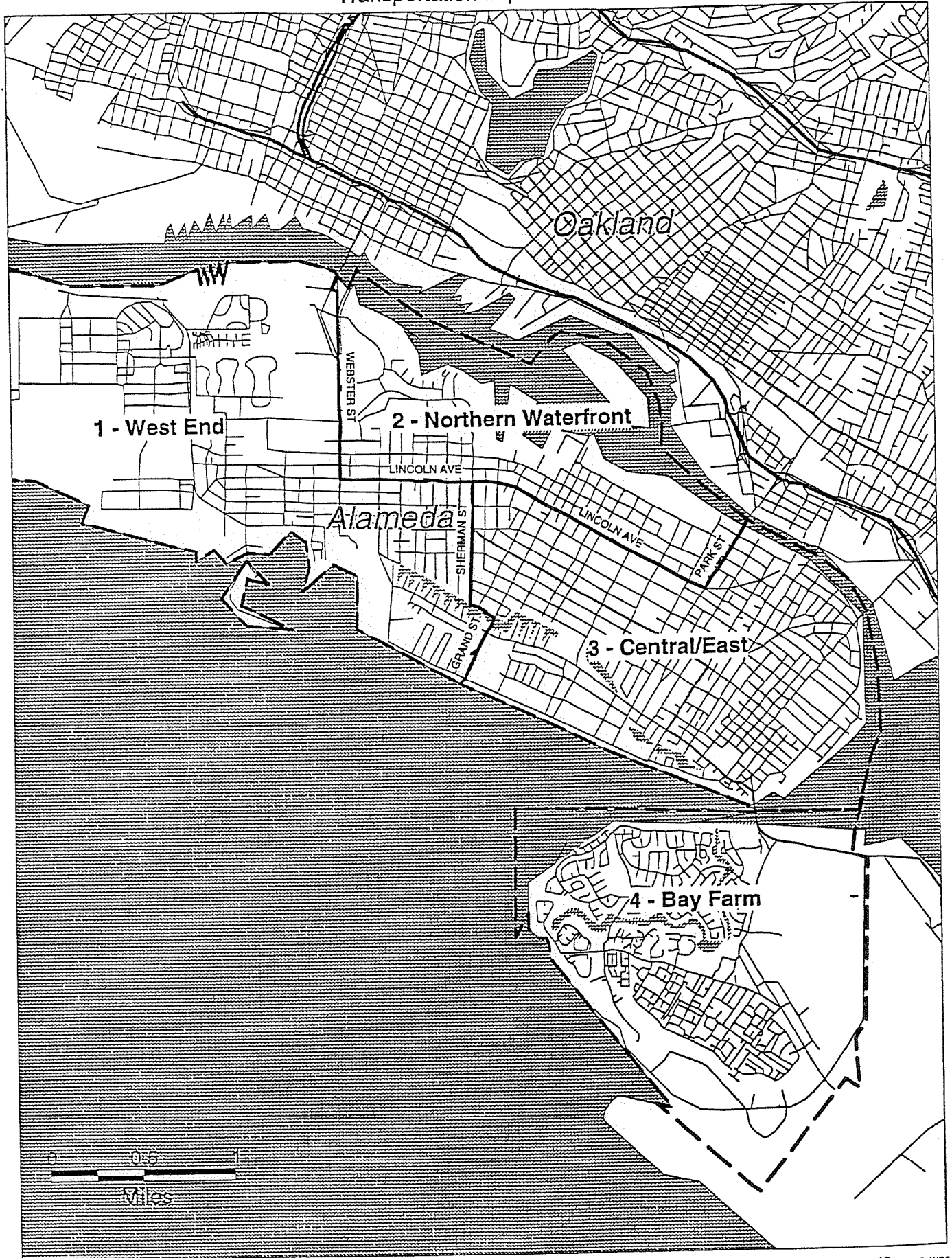
Table 1
Summary Project Description at Buildout by Quadrant
Alameda Citywide Development Fee Nexus Study

Project/Area	Residential Uses (units)					Non-Residential (sqft)				
	SF Low (1)	SF Med (1)	Duplex	Live Work/	MF Total	General Industrial	Commercial/ Office	Retail	Warehouse	Total
EXISTING	9,349	2,377	2,785	0	16,110	1,900,000	3,039,000	2,163,000	0	7,102,000
NEW DEVELOPMENT										
West End	545	147	603	0	363	2,938,000	1,038,000	102,000	1,573,218	5,651,218
Northern Waterfront	106	300	156	50	0	0	321,000	73,000	0	394,000
Bay Farm	25	0	0	0	0	0	3,000,000	0	0	3,000,000
Central/East End	0	100	100	0	0	0	0	53,000	0	53,000
Total New Development	676	547	859	50	363	2,938,000	4,359,000	228,000	1,573,218	9,098,218
Total Development at Buildout	10,025	2,924	3,644	50	16,473	4,838,000	7,398,000	2,391,000	1,573,218	16,200,218
New as % of Existing Development	7%	19%	24%	100%	2%	61%	59%	10%	100%	56%

(1) Assumes all single family residential development is 20% medium density, at 1,800 sqft per unit. The remaining single family units are low density, at 2,200 sqft per unit.

Sources: NAS Alameda Community Reuse Plan; City of Alameda Planning Department; California Department of Finance 1999; Economic & Planning Systems, Inc.

Figure 1: City District Boundaries for Transportation Impact Fee



The building space estimate includes additional development expected on Harbor Bay Isle Development as well as projected development associated with the Catellus project in the West End. It is important to note, however, that these new developments would not be subject to the new CDF because of existing Development Agreements. A similar situation exists with 325 multi-family housing units expected in the West End area. Based on City policy directives, these units are included in the summary of development potential, but they will not be subject to the new CDF because the Alameda Housing Authority is funding the project.

To facilitate the fee calculation, development potential was converted into population and employment projections based on the development capacity and assumptions regarding average density (units per acre), persons per household, floor-area ratios (FARs), and square feet per employee (see **Appendix A**). **Table 2** summarizes existing and new population, employment, and daytime population.⁴ New population is estimated at about 6,500 persons and new employment at about 15,700 jobs. The actual amount of growth will vary slightly depending on the actual density of the new development and space utilization of businesses.

LAND USE CATEGORIES

The report sets forth impact fees for nine land uses, five of which are residential and four of which are non-residential. A separate fee is calculated for each land use based on the cost allocation methodology described in **Chapter IV**. The following is a description of each type of land use, which is also summarized in **Table 3**.

RESIDENTIAL

- **Single Family Low-Density** are detached units of 1,800 or more square feet. Density ranges from 4.5 to 8.7 units per acre, or an average of 6.6 units per acre. About half of new single family units are in this category.
- **Single Family Medium-Density** are detached units of less than 1,800 square feet. Density ranges from 8.8 to 12 units per acre, with an average of 10.4 units per acre. The other half of all new single family units fall into this category.
- **Duplex** is two attached dwelling units, each about 1,300 square feet on average. Density ranges from 12 to 21.8 units per acre, or an average density of 16.9 units per acre.
- **Work/Live** are units that are defined as work/live units per the Alameda Municipal Code. Work/live units are medium-density units averaging 1,500 square feet per unit on average. Density ranges from 8.8 to 21.8 units per acre, with an average density of 15.3 units per acre.

⁴ Daytime population equals population plus 50 percent of employment.

Table 2
Fair Share Splits Between Existing and New Development
Alameda Citywide Development Fee Nexus Study

Item	Number	Percent
Population		
Existing (1)	73,635	91.9%
New (2)	<u>6,472</u>	<u>8.1%</u>
Buildout	80,107	100.0%
Employment		
Existing (3)	24,940	51.7%
New (4)	<u>23,284</u>	<u>48.3%</u>
Builtout	48,224	100.0%
Daytime Population (3)		
Existing	86,105	82.6%
New (2)	<u>18,114</u>	<u>17.4%</u>
Buildout	104,219	100.0%
Population and Employment		
Existing	98,575	76.8%
New (2)	<u>29,756</u>	<u>23.2%</u>
Buildout	128,331	100.0%
Other Uses		

- (1) Department of Finance estimates January 1, 1999.
- (2) See Appendix A - Table A-2.
- (3) Daytime population equals population and 50 percent of employment.
- (4) Association of Bay Area Government 2000 Projections.

Sources: Economic & Planning Systems, Inc.

Table 3
Land Uses and Density Assumptions
Alameda Citywide Development Fee Nexus Study

GP Land Use	CDF Land Use	Range Units/ Acre	Average Units/Acre FAR	Units/ Square Ft	Acres	Avg. Unit Size (1)	Peak Hour Trips (2)	Pers/HH/ Sqft/Emp
Residential Uses								
Low Density	Low-SF	4.5 to 8.7	6.6	676	102	2,200	1.06	3.00
Medium Density	Medium-SF	8.8 to 12	10.4	547	53	1,800	0.85	2.80
Medium Density	Duplex	12 to 21.8	16.9	859	51	1,300	0.95	2.40
Medium Density	Work/Live	8.8 to 21.8	15.3	50	3	1,500	0.79	2.20
Medium High Density	Multi-Family	21.8 to 26.1	23.95	363	15	1,000	0.95	2.04
Total				2,495	224			2.59
Non-Residential Uses								
General Industrial	General Industrial		0.50	2,938,000	34		1.95	600
Commercial/Office/Business Park	Commercial/Office		0.43	4,359,000	43		2.76	275
Retail	Retail		0.60	228,000	3		2.95	400
General Industrial/Warehouse	Warehouse		0.50	1,573,218	18		1.11	800
Total				9,098,218	97			474

(1) In gross building square feet.

(2) Refers to the average number of vehicle trips generated during one peak-hour of commuting, as reported in the Institute of Transportation Engineers Trip Generation Manual, 5th Edition. Measured per unit or per 1,000 SF.

Sources: City of Alameda General Plan; City of Alameda Planning Department; Economic & Planning Systems, Inc.

- **Multi-family** are units that are defined as multi-family per the Alameda Municipal Code. These are typically high-density units ranging from 21.8 to 26.1 units per acre. The average size per unit is about 1,000 square feet. The City does not allow multi-family development with the exception of up to 325 low-income replacement housing to be funded by the Alameda Housing Authority. However, the estimated 38 boating spaces to be located at Grand Harbor best fit the multi-family category and would pay the multi-family fee rate.

NON RESIDENTIAL

- **General Industrial** refers to an industry in which the use is for the principal purpose of manufacturing, assembling, altering, finishing, dismantling, or processing of any goods or parts into finished products; and where a large area for handling and storage is required. This includes both heavy and light industrial uses.

Examples of general industrial uses might include manufacturing plants; builders' supplies; industrial machinery sales and service; marine-related industries; printing plants; materials testing labs; equipment assembly and production, including data processing equipment; or craft workshops. General industrial uses typically have a floor area ratio (FAR) of 0.50 and correspond to the F-1, F-2, H-4, H-6, H-7, S-3, and S-5 Building Code Occupancy Classifications.

- **Commercial/Office** refers to the use of a property for the purpose of administrative, clerical, technical, professional or like business activities, including governmental offices, which do not include dealing with members of the public on a direct and regular basis except where this is ancillary to the main purpose of the office. For the purposes of the CDF, this category shall include medical offices.

Examples of commercial/office uses include corporate offices, professional suites and law offices, as well as chiropractic and dental offices.⁵ Commercial/office uses typically have a FAR of 0.43 and correspond to all "B" Building Code Occupancy Classifications, with the exception of "B-2: Eating and Drinking."

- **Retail** refers to the use of property as a commercial business for the sale of food, groceries, or household goods. For the purposes of the CDF, this category shall include banks, restaurants, bars, and entertainment facilities.

Examples of retail uses include convenience markets, shopping centers, hardware stores, supermarkets, and gas station mini-marts.⁶ Retail uses typically have a FAR of 0.60, and correspond to Building Code Occupancy Classifications of M or "B-2: Eating and Drinking."

⁵ Hospital uses excluded - to be charged based on ITE trip-rates.

⁶ Gas-pumping facilities and Hotel/Motel type uses excluded—to be charged based on ITE trip-rates.

- **Warehouse** refers to a use for the purposes of bulk sale of goods to be retailed by others or the bulk storage of goods, merchandise or materials pending their sale and distribution to persons engaged in the retail trade. For the purposes of the CDF, this category shall also include self-storage/mini storage, and un-manned utility structures.

Uses in this category typically have a FAR of 0.50 and correspond to Building Code Occupancy Classifications of S-1 or S-2.

EXISTING AND NEW POPULATION AND EMPLOYMENT

Different methods of apportionment between existing and new development were used for the capital facilities, including population, population and employment, and daytime population, based on the role of residents and employees in generating the need for the facility. Population is used when residents alone generate a need for the facility. Population and employment is used when both residents and employees generate the need. Daytime population is used when primarily residents generate the need for facilities, but employees also generate additional need. Daytime population equals total population plus 50 percent of employment, based on the general assumption that employment uses generate less demand for services than residents. The following factors are used in this analysis and are shown in **Table 2**:

- About 8.1 percent of buildout population is related to new population growth.
- About 17.4 percent of buildout daytime population is related to new daytime population growth.
- About 23.2 percent of total population and employment at buildout is related to both new population growth and new employment growth.

INFRASTRUCTURE COSTS

The City plans to meet its overall capital facilities needs with a combination of AB1600 fees, existing accrued developer fees, Federal and State funding such as grants, redevelopment funding, City funding, and other revenue sources. The City's Public Works Department, along with other City Departments, has identified a list of capital facilities required to serve new development (see **Appendix B**). In total, there are 54 capital improvement projects included in the CDF program. These facilities are

organized into five categories, including (1) traffic safety and capital replacement, (2) parks and recreation facilities, (3) public facilities, (4) public safety, and (5) transportation.⁷ **Appendix B** shows detailed cost estimates by individual improvement.

Table 4 provides a summary of total capital improvement infrastructure costs. As shown, these projects total \$150 million (in constant 2000 dollars), \$99 million of which are included in the CDF program.⁸ Parks and Recreation projects represent the largest cost item at \$37.6 million, or 38 percent of the total Capital Improvement Plan costs. The second largest category is Transportation at \$27.8 million, representing 28 percent of CDF costs.

Table 5 summarizes the portion of each improvement category's costs that can be funded by new development. The specific cost allocation methods for this distribution is discussed further in **Chapter IV**. As shown, about \$27.3 million of the total \$99 million improvement program can be funded through new development, representing about 28 percent of the total costs. However, about 58 percent of transportation capital costs is expected to be offset by fees paid by new development, as most of these prospects are specifically designed to access key parcels.

Some of these projects already have identified funding sources. For instance, the City's existing police and fire fees applied to new development will provide about 61 percent of new development's share of police and fire facilities and equipment costs. This reduces the amount of costs to be funded by the new fee program from \$28.1 million to about \$26.5 million, as shown in **Table 6**.⁹ The Dwelling Unit Tax was not included as a potential existing revenue source because City policy allocates these revenues to maintenance of existing facilities instead of to construction or facility improvements.

⁷ A separate fund will be created for each of the general improvement categories. EPS recommends combining the traffic safety and transportation categories into one fund to simplify accounting.

⁸ All dollar figures are discussed in constant dollar terms unless otherwise specified.

⁹ For this analysis, the dwelling unit tax is applied to transportation project costs because (1) this revenue source is discretionary, and (2) this new CDF program creates a dedicated parks and recreation fee that will generate more money for area parks and recreation projects.

Table 4
Summary of Capital Improvement Costs by Type
Alameda Citywide Development Fee Nexus Study

Type of Improvement	Estimated Costs of CDF Projects ⁽¹⁾	Percent of Costs	Number of Projects
Traffic Safety/Cap. Replace.	\$14,136,000	14.3%	9
Parks and Rec.	\$37,645,000	38.0%	21
Public Facilities	\$8,326,000	8.4%	10
Public Safety	\$11,135,000	11.2%	5
Transportation	<u>\$27,752,000</u>	<u>28.0%</u>	<u>9</u>
Total Costs	\$98,994,000	100.0%	54

(1) Does not include administrative costs of 3.0% of CDF program costs.

Sources: City of Alameda 2000-02 Budget/Financial Plan; City of Alameda Public Works Department; Economic and Planning Systems, Inc.

Table 5
Summary of CIP Costs by Type and Funding Source
Alameda Citywide Development Fee Nexus Study

Type of Improvement	New Development	Existing Development	Total Costs
<u>Infrastructure Costs</u>			
Traffic Safety/Cap. Replace.	\$4,497,304 16%	\$9,638,696 13%	\$14,136,000 14%
Parks and Rec.	\$3,041,274 11%	\$34,603,726 48%	\$37,645,000 38%
Public Facilities	\$1,447,100 5%	\$6,878,900 10%	\$8,326,000 8%
Public Safety	\$2,581,848 9%	\$8,553,152 12%	\$11,135,000 11%
Transportation	\$15,747,520 <u>58%</u>	\$12,004,480 <u>17%</u>	<u>\$27,752,000</u> <u>28%</u>
Total Costs	\$27,315,047 100%	\$71,678,953 100%	\$98,994,000 100%
<u>Percent of Costs by Category</u>			
Traffic Safety/Cap. Replace.	32%	68%	100%
Parks and Rec.	8%	92%	100%
Public Facilities	17%	83%	100%
Public Safety	23%	77%	100%
Transportation	57%	43%	100%
Total Costs	28%	72%	100%

Sources: City of Alameda 2000-02 Budget/Financial Plan; City of Alameda Public Works Department; Economic & Planning Systems, Inc.

Table 6
Potential Funding Sources from Existing City Fees
Alameda Citywide Development Fee Nexus Study

Item	Potential Development Fee Funded Costs	Potential Existing Fee Revenue (1)	Net Fee Funded Costs
Traffic Safety/Cap. Replace.	\$4,497,304	-	\$4,497,304
Parks and Rec.	\$3,041,274	-	\$3,041,274
Public Facilities	\$1,447,100	-	\$1,447,100
Public Safety	\$2,581,848	\$1,563,506 (2)	\$1,018,342
Transportation	\$15,747,520	-	\$15,747,520
Subtotal	\$27,315,047	\$1,563,506	\$25,751,540
Plus Admin. Cost at 3.0%	\$819,451	\$46,905	\$772,546
Total	\$28,134,498	\$1,610,412	\$26,524,086

(1) Dwelling Unit Tax revenue is not counted as potential existing fee revenue because City policy allocates these funds to maintenance, and not infrastructure construction or improvements.

(2) Equals existing public safety fee times all new development square footage (see Table 1).

Sources: City of Alameda; Economic & Planning Systems, Inc.

III. AB1600 NEXUS ANALYSIS

CITYWIDE DEVELOPMENT FEE CONCEPT

Citywide impact fee ordinances have become an effective method for obtaining funding needed to support related infrastructure improvements from new development. The Citywide Development Fee (CDF) will require each new development project throughout the City to pay, through a fee charged on a per residential dwelling unit or per non-residential square-foot basis, its proportional share of local and regional infrastructure improvements needed to serve new development. The CDF is comprehensive and includes the five basic infrastructure categories required to serve new development in the City. Only the new development's fair share of improvement costs has been included in the fee calculations. The fees will be collected at the issuance of building permits.

QUALIFICATIONS AND ASSUMPTIONS

Key assumptions are described below:

- The analysis is based on an estimate of future development capacity by land use type based on the amount of developable land in the FISC and Alameda Point properties, the Northern Waterfront area, and other infill developments expected to occur in the City. The City is currently updating the General Plan, which may result in changes to the development capacity used in this analysis. Once the new General Plan is complete, the fee program may need to be updated to incorporate the new land use information.
- Infrastructure cost estimates for capital facilities are predominantly based on the City's Capital Improvement Program (CIP) and are considered preliminary cost estimates to be refined as each project is developed further.
- The CDF is calculated on a per-unit basis for five residential density categories. If development occurs at higher than expected densities, or if more than 2,495 units are constructed citywide, additional revenues may be produced. On the other hand, if development occurs at lower than expected densities, or if fewer than 2,495 new units are constructed citywide, a revenue shortfall will occur. Given the limited supply of residential land, development is likely to occur at or higher than the estimated densities.

The CDF Ordinance will provide for an annual review of these assumptions and related factors to ensure that adequate funding is secured within the context of overall policy objectives.

