

ITEM 5.2

CITY MANAGER'S REPORT JULY 11, 2022 CITY COUNCIL REGULAR MEETING

ITEM: PUBLIC HEARING (PUBLISHED NOTICE) TO CONSIDER ADOPTION OF THE WEST/CENTRAL LATHROP REGIONAL TRANSPORTATION AND CENTRAL LATHROP SPECIFIC PLAN CAPITAL FACILITY FEE UPDATE STUDIES AND THE FEES RECOMMENDED THEREIN

RECOMMENDATION: Council to Consider the Following:

1. Hold a Public Hearing; and
2. Adopt a Resolution Approving the West/Central Lathrop Regional Transportation and Central Lathrop Specific Plan Capital Facility Fee Update Studies and the Fees Recommended Therein

SUMMARY:

Capital Facilities Fees (CFF) and City planning fees are necessary to provide a revenue source by which new development within the City will contribute a fair and proportionate share of the cost of providing infrastructure, community facilities, and entitlements. The current Regional Transportation and Central Lathrop Specific Plan (CLSP) CFFs are insufficient to provide adequate revenue for the construction of various improvements including storm drainage, a water tank and booster pump station, and three traffic signals.

Staff requests that City Council hold a public hearing, consider all information and public testimony and, if determined to be appropriate, adopt a resolution approving the City of Lathrop West/Central Lathrop Regional Transportation Capital Facilities Fees Study Update, included as Attachment "B" and the Central Lathrop Specific Plan Capital Facilities Fee Study, included as Attachment "C", and the fees and capital improvements recommended therein.

BACKGROUND:

On February 11, 2019, City Council adopted a Central Lathrop Specific Plan Capital Facilities Fees Study Update prepared by Goodwin Consulting Group (GCG). GCG updated existing fees for inflation, updated project costs for the West/Central Lathrop Regional Transportation CFF and Sewer/Recycled Water System CFF, and prepared a new In-Lieu Community Parks Dedication fee for the CLSP area.

On July 8, 2019, City Council adopted an additional Central Lathrop Specific Plan Capital Facility Fees Study prepared by GCG. GCG updated existing fees to include reimbursements for the storm drainage system improvements, entitlement costs, and planning fees. On February 8, 2021, City Council adopted the Central Lathrop

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 LATHROP SPECIFIC PLAN CAPITAL FACILITY FEE UPDATE STUDIES AND THE
 FEES RECOMMENDED THEREIN**

Specific Plan Neighborhood Park Capital Facility Fee Update Study and the fees recommended therein.

City staff retained GCG to assist in updating the West/Central Lathrop Regional Transportation and Central Lathrop Specific Plan Capital Facility Fee Update Studies.

As development occurs within the CLSP area, traffic signals and intersection improvements are required to accommodate increases in traffic volumes. Three additional traffic signals have been constructed or guaranteed on Golden Valley Parkway at the intersections of Spartan Way, Stanford Crossing Drive and Faber Drive. The intersection of Central Pacific Street and Spartan Way also needs to be reconstructed to its final configuration. The City of Lathrop West/Central Lathrop Regional Transportation Capital Facilities Fees Study Update serves to adjust the Transportation CFF rates to include these facilities. The updated West/Central Lathrop Transportation CFF rates impact three areas of Lathrop including Central Lathrop, Mossdale and the Stewart Tract/River Islands and the changes are summarized below in Tables 1 through 3.

Table 1 – CLSP Fee Comparison

Land Use	Proposed CFF	Current CFF	Percent Increase
<u>Residential</u>			
Single Family	\$4,192 per Unit	\$4,082 per Unit	2.7%
Multi-Family	\$2,574 per Unit	\$2,505 per Unit	2.7%
<u>Non-Residential</u>			
Service/Office Commercial	\$3,902 per 1,000 sf	\$3,800 per 1,000 sf	2.7%
Retail Commercial	\$5,342 per 1,000 sf	\$5,201 per 1,000 sf	2.7%

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Table 2 – Mossdale Village Fee Comparison

<u>Land Use</u>	<u>Proposed CFF¹</u>	<u>Current CFF</u>	<u>Percent Increase</u>
<u>Residential</u>			
Single Family	\$3,994 per Unit	\$3,987 per Unit	0.2%
Multi-Family	\$2,463 per Unit	\$2,459 per Unit	0.2%
<u>Non-Residential</u>			
Service/Office Commercial	\$5,730 per 1,000 sf	\$5,720 per 1,000 sf	0.2%
Retail Commercial	\$6,327 per 1,000 sf	\$6,316 per 1,000 sf	0.2%

Table 3 – Stewart Tract/River Islands Fee Comparison

<u>Land Use</u>	<u>Proposed CFF</u>	<u>Current CFF</u>	<u>Percent Increase</u>
<u>Residential</u>			
Single Family	\$4,592 per Unit	\$4,590 per Unit	0.0%
Multi-Family	\$2,819 per Unit	\$2,817 per Unit	0.1%
<u>Non-Residential</u>			
Service/Office Commercial	\$4,213 per 1,000 sf	\$4,211 per 1,000 sf	0.0%
Retail Commercial	\$7,631 per 1,000 sf	\$7,627 per 1,000 sf	0.1%

Further, additional storm drainage infrastructure for the Central Lathrop Watersheds 2 and 4 and a new water tank and booster pump station have been constructed to support the CLSP area. The Central Lathrop Specific Plan Capital Facilities Fee Study serves to adjust the current storm drainage CFF rates as well as create a new CFF to recover the cost of the water tank and booster pump station. The updated Central Lathrop Specific Plan CFF rates impact only the Central Lathrop area and the updated rates are summarized below in Table 4.

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Table 4 – CLSP Fee Summary

Reimbursable Item	Fee Per Single-Family Unit	Fee Per Multi-Family Unit	Fee Per Non-Residential Acre
1 Storm Drain System Improvements - Watershed #2 Fee	\$9,655	\$3,361	\$60,579
2 Storm Drain System Improvements - Watershed #4 Fee	na	na	\$45,322
3 Water Tank #1 Fee	\$2,323	\$1,432	\$7,024
Total			

The fees associated with both studies will be adjusted in future years to reflect revised facility standards, receipt of funding from alternative sources (i.e., state or federal grants), revised cost, or changes in land uses or development plans. In addition to such adjustments, each year the CFFs will be adjusted by the change in the Engineering News Record 20-City CCI over the prior calendar year. Both fee studies are based on the ENR 20-City CCI value of 12,481.8 for December 2021.

Staff requests that City Council hold a public hearing, consider all information and public testimony and, if determined to be appropriate, adopt a resolution approving the City of Lathrop West/Central Lathrop Regional Transportation Capital Facilities Fees Study Update, included as Attachment "B" and the Central Lathrop Specific Plan Capital Facilities Fee Study, included as Attachment "C", and the fees and capital improvements recommended therein.

REASON FOR RECOMMENDATION:

The current Regional Transportation and Central Lathrop Specific Plan CFFs are insufficient to provide adequate revenue for the construction of various improvements including storm drainage, a water tank and booster pump station, and three traffic signals. Therefore, staff requests that City Council adopt a resolution approving the City of Lathrop West/Central Lathrop Regional Transportation Capital Facilities Fees Study Update, included as Attachment "B" and the Central Lathrop Specific Plan Capital Facilities Fee Study, included as Attachment "C", and the fees recommended therein.

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FISCAL IMPACT:

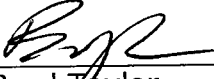
There is no budget impact to the City as the CFFs will be collected from new development at building permit issuance and used to reimburse the cost of construction of the facilities.

ATTACHMENTS:

- A. Resolution Approving the West/Central Lathrop Regional Transportation and Central Lathrop Specific Plan Capital Facility Fee Update Studies and the Fees Recommended Therein
- B. City of Lathrop West/Central Lathrop Regional Transportation Capital Facilities Fees Study Update, dated June 30, 2022
- C. Central Lathrop Specific Plan Capital Facilities Fee Study, dated June 30, 2022

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APPROVALS



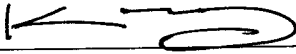
Brad Taylor
City Engineer

6/15/2022
Date



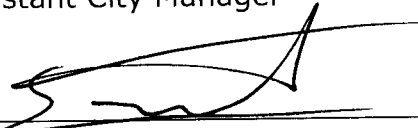
Cari James
Finance Director

6/27/2022
Date




Michael King
Assistant City Manager

6-22-2022
Date



Salvador Navarrete
City Attorney

6-16-2022
Date



Stephen J. Salvatore
City Manager

7.5.22
Date

RESOLUTION NO. 22-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP ADOPTING THE WEST/CENTRAL LATHROP REGIONAL TRANSPORTATION AND CENTRAL LATHROP SPECIFIC PLAN CAPITAL FACILITY FEE UPDATE STUDIES AND THE FEES RECOMMENDED THEREIN

WHEREAS, on February 11, 2019, City Council adopted a Central Lathrop Specific Plan Capital Facilities Fees Study Update prepared by Goodwin Consulting Group (GCG). GCG updated existing fees for inflation, updated project costs for the West/Central Lathrop Regional Transportation CFF and Sewer/Recycled Water System CFF, and prepared a new In-Lieu Community Parks Dedication fee for the CLSP area; and

WHEREAS, on July 8, 2019, City Council adopted an additional Central Lathrop Specific Plan Capital Facility Fees Study prepared by GCG. GCG updated existing fees to include reimbursements for the storm drainage system improvements, entitlement costs, and planning fees. On February 8, 2021, City Council adopted the Central Lathrop Specific Plan Neighborhood Park Capital Facility Fee Update Study and the fees recommended therein; and

WHEREAS, City staff retained GCG to assist in updating the West/Central Lathrop Regional Transportation and Central Lathrop Specific Plan Capital Facility Fee Update Studies; and

WHEREAS, as development occurs within the CLSP area, traffic signals and intersection improvements are required to accommodate increases in traffic volumes. Three additional traffic signals have been constructed or guaranteed on Golden Valley Parkway at the intersections of Spartan Way, Stanford Crossing Drive and Faber Drive. The intersection of Central Pacific Street and Spartan Way also needs to be reconstructed to its final configuration. The City of Lathrop West/Central Lathrop Regional Transportation Capital Facilities Fees Study Update serves to adjust the Transportation CFF rates to include these facilities. The updated West/Central Lathrop Transportation CFF rates impact three areas of Lathrop including Central Lathrop, Mossdale and the Stewart Tract/River Islands and the changes are summarized below in Tables 1 through 3; and

Table 1 – CLSP Fee Comparison

Land Use	Proposed CFF	Current CFF	Percent Increase
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Single Family	\$4,192 per Unit	\$4,082 per Unit	2.7%
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Retail Commercial	\$5,342 per 1,000 sf	\$5,201 per 1,000 sf	2.7%

Table 2 – Mossdale Village Fee Comparison

Land Use	Proposed CFF¹	Current CFF	Percent Increase
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Table 3 – Stewart Tract/River Islands Fee Comparison

Land Use	Proposed CFF	Current CFF	Percent Increase
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Single Family	\$4,592 per Unit	\$4,590 per Unit	0.0%
Multi-Family	\$2,819 per Unit	\$2,817 per Unit	0.1%
<u>Non-Residential</u>			
Service/Office Commercial	\$4,213 per 1,000 sf	\$4,211 per 1,000 sf	0.0%
Retail Commercial	\$7,631 per 1,000 sf	\$7,627 per 1,000 sf	0.1%

WHEREAS, additional storm drainage infrastructure for the Central Lathrop Watersheds 2 and 4 and a new water tank and booster pump station have been constructed to support the CLSP area. The Central Lathrop Specific Plan Capital Facilities Fee Study serves to adjust the current storm drainage CFF rates as well as create a new CFF to recover the cost of the water tank and booster pump station. The updated Central Lathrop Specific Plan CFF rates impact only the Central Lathrop area and the updated rates are summarized below in Table 4; and

Table 4 – CLSP Fee Summary

Reimbursable Item	Fee Per Single-Family Unit	Fee Per Multi-Family Unit	Fee Per Non-Residential Acre
1 Storm Drain System Improvements - Watershed #2 Fee	\$9,655	\$3,361	\$60,579
2 Storm Drain System Improvements - Watershed #4 Fee	na	na	\$45,322
3 Water Tank #1 Fee	\$2,323	\$1,432	\$7,024
Total			

WHEREAS, the fees associated with both studies will be adjusted in future years to reflect revised facility standards, receipt of funding from alternative sources (i.e., state or federal grants), revised cost, or changes in land uses or development plans. In addition to such adjustments, each year the CFFs will be adjusted by the change in the Engineering News Record 20-City CCI over the prior calendar year. Both fee studies are based on the ENR 20-City CCI value of 12,481.8 for December 2021; and

WHEREAS, Staff requests that City Council hold a public hearing, consider all information and public testimony and, if determined to be appropriate, adopt a resolution approving the City of Lathrop West/Central Lathrop Regional Transportation Capital Facilities Fees Study Update and the Central Lathrop Specific Plan Capital Facilities Fee Study, included as Attachments "B" and "C" to the July 11, 2022 City Manager's Report, and the fees recommended therein.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Lathrop does hereby adopt the City of Lathrop West/Central Lathrop Regional Transportation Capital Facilities Fees Study Update, dated June 30, 2022 attached as Attachment "B" to the City Manager's Report of July 11, 2022 and the Central Lathrop Specific Plan Capital Facilities Fee Study, dated April 27, 2022 attached as Attachment "C" to the City Manager's Report of July 11, 2022 and incorporated herein by this reference and Council hereby adopts the fees and the capital improvements

recommended therein and adds the fees to the Capital Facility Fee Program based on findings required by the State of California Mitigation Fee Act (also known as "AB 1600," Government Code sections 66000, et seq.) specifically Council hereby makes all of the following findings:

1. The purpose of the CFFs is to provide funding for the Facilities identified in this Nexus Study. Pursuant to the Lathrop Municipal Code Section 3.20.040 collected fees may be used for no other purpose.
2. New residential and non-residential development will generate additional demand for the facilities identified in these Fee Studies. The facilities included in these Fee Studies will ensure that the City will maintain the desired level of service to all areas in the City.
3. CFF revenue collected will fund the facilities included in these Fee Studies. These facilities will serve development in the City and the proposed fees in these Fee Studies are a fair-share cost allocation based on the impact that future development will have on these facilities and improvements.
4. A reasonable relationship between the amount of each CFF and the cost of the public facility is established in these Fee Studies through the use of cost allocation factors to estimate the demand for a facility or, the impact that a land use will have on a facility. For example, the cost allocation for the Transportation CFF is based on the peak evening trip generation for each specific land use. The trip generation rates, which differ between land use categories, measure each land use's impact on transportation facilities and infrastructure. As a result, each land use category or development type is allocated its fair share of the cost based on its impact, as identified by its cost allocation factor. By assigning the demand for facilities based on the cost allocation factors for each land use and quantifying that demand in the calculation of the CFFs, a reasonable relationship is established between the amount of the fee and the cost of the facilities attributable to the distinct types of development in the City.

PASSED AND ADOPTED by the City Council of the City of Lathrop this 11th day of July 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

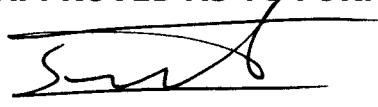
ABSENT:

Sonny Dhaliwal, Mayor

ATTEST:

Teresa Vargas, City Clerk

APPROVED AS TO FORM:



Salvador Navarrete, City Attorney

GCG

GOODWIN CONSULTING GROUP

**CITY OF LATHROP
WEST/CENTRAL LATHROP REGIONAL
TRANSPORTATION CAPITAL FACILITIES
FEES STUDY UPDATE**



June 30, 2022

**CITY OF LATHROP
WEST/CENTRAL LATHROP REGIONAL TRANSPORTATION CAPITAL
FACILITIES FEES STUDY UPDATE**

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EXECUTIVE SUMMARY

PURPOSE OF THE WEST/CENTRAL LATHROP REGIONAL TRANSPORTATION CFF UPDATE

The City of Lathrop (“City”) retained Goodwin Consulting Group to update the City’s West/Central Lathrop Regional Transportation Capital Facilities Fee (“WCLRT CFF” or “CFF”) for the Central Lathrop Specific Plan Area (“CLSP”), Mossdale Village, and the Stewart Tract (aka River Islands) areas. As new development occurs in these three areas, it is critical that fees in the CFF program be updated regularly to ensure that CFF rates keep up with the rising costs of infrastructure, facilities, and land.

WEST/CENTRAL LATHROP REGIONAL TRANSPORTATION CFF

The WCLRT CFF was created in 2003 to supplement funding for transportation facilities needed for the West Lathrop Specific Plan Area. The capital improvement plan for the WCLRT CFF currently includes 28 transportation projects. This West/Central Lathrop Regional Transportation Capital Facilities Fee Study Update (the “Fee Study”) adds four additional intersection improvements that will be located in the CLSP area.

In addition to the four intersection improvements, this Fee Study inflates the transportation facilities costs in the CFF CIP to 2022 dollars based on the ENR 20-City CCI. The total cost of the transportation facilities in the WCLRT CFF program, in 2022 dollars, is \$324.3 million.

Table ES-1 on the following page summarizes the proposed WCLRT CFFs for the three development areas. The City also levies a 3.0% administration fee to all its CFFs to pay for the administrative duties associated with the CFF program. This 3.0% administration fee is not included in the proposed CFFs shown in Table ES-1.

Table ES-1
Fee Summary

Land Use	CLSP CFF	Mossdale Village CFF¹	Stewart Tract CFF
<u>Residential</u>			
Single Family	\$4,192 per Unit	\$3,994 per Unit	\$4,592 per Unit
Multi-Family	\$2,574 per Unit	\$2,463 per Unit	\$2,819 per Unit
<u>Non-Residential</u>			
Service/Office Commercial	\$3,902 per 1,000 sf	\$5,730 per 1,000 sf	\$4,213 per 1,000 sf
Retail Commercial	\$5,342 per 1,000 sf	\$6,327 per 1,000 sf	\$7,631 per 1,000 sf

¹ The proposed CFF applies to new development within Mossdale Village and certain areas within the Mossdale Landing developments for which the development agreement between the City and the developer has expired. Exhibit 2 in this report identifies the remaining areas in the Mossdale Landing developments that are subject only to annual inflation increases based on the ENR construction index.

FEE COMPARISON

Tables ES-2 through ES-4 on the following pages compare the proposed WCLRT CFFs to the City's current WCLRT CFFs. These tables show that the proposed CFFs are slightly higher than the current CFF rates. For example, the proposed CFF rates for the CLSP area are approximately 3.0% higher than the City's current rates and proposed CFF rates for Mossdale Village and River Islands increase by less than 0.2% over the City's current CFF rates.

Table ES-2
CLSP Fee Comparison – Proposed vs Current CFF

Land Use	Proposed CFF	Current CFF	Percent Increase
<u>Residential</u>			
Single Family	\$4,192 per Unit	\$4,082 per Unit	2.7%
Multi-Family	\$2,574 per Unit	\$2,505 per Unit	2.7%
<u>Non-Residential</u>			
Service/Office Commercial	\$3,902 per 1,000 sf	\$3,800 per 1,000 sf	2.7%
Retail Commercial	\$5,342 per 1,000 sf	\$5,201 per 1,000 sf	2.7%

Table ES-3
Mossdale Village Fee Comparison – Proposed vs Current CFF

Land Use	Proposed CFF¹	Current CFF	Percent Increase
<u>Residential</u>			
Single Family	\$3,994 per Unit	\$3,987 per Unit	0.2%
Multi-Family	\$2,463 per Unit	\$2,459 per Unit	0.2%
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Service/Office Commercial	\$5,730 per 1,000 sf	\$5,720 per 1,000 sf	0.2%
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¹ The proposed CFF applies to new development within Mossdale Village and certain areas within the Mossdale Landing developments for which the development agreement between the City and the developer has expired. Exhibit 2 in this report identifies the remaining areas in the Mossdale Landing developments that are subject only to annual inflation increases based on the ENR construction index.

Table ES-4

Stewart Tract/River Islands Fee Comparison – Proposed vs Current CFF

Land Use	Proposed CFF	Current CFF	Percent Increase
<u>Residential</u>			
Single Family	\$4,592 per Unit	\$4,590 per Unit	0.0%
Multi-Family	\$2,819 per Unit	\$2,817 per Unit	0.1%
<u>Non-Residential</u>			
Service/Office Commercial	\$4,213 per 1,000 sf	\$4,211 per 1,000 sf	0.0%
Retail Commercial	\$7,631 per 1,000 sf	\$7,627 per 1,000 sf	0.1%

FEE ADJUSTMENTS

The WCLRT CFFs may be adjusted in future years to reflect revised facility standards, receipt of funding from alternative sources (i.e., state or federal grants), revised costs, or changes in land uses, densities, or development plans. In addition to such adjustments, each year the CFFs will be adjusted by the change in the ENR 20-City Construction Cost Index (“ENR 20-City CCI”) over the prior calendar year. This Fee Study adjusted facilities costs in this report based on the ENR 20-City CCI December 2021 value of 12,481.82.

ASSEMBLY BILL 602

On September 28, 2021, Assembly Bill 602 was signed into law and became effective starting January 1, 2022. The law establishes additional procedural and transparency requirements on public agencies when establishing new fees or increasing existing development impact fees. AB 602 amends Government Code Sections 65940.1 and 66019 and adds Government Code Section 66016.5 and Health and Safety Code Section 50466.5. Below are some of the most significant requirements imposed by AB 602:

New Requirements For Nexus Studies

- When applicable, the nexus study shall identify the existing level of service (LOS) for the public facility; identify the proposed new level of service, and explain why the new level of service is appropriate

- If a nexus study supports an increase to existing fee, the public agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fee revenue collected under the original fee
- Large jurisdictions, for example, counties that have a population greater than 250,000 residents, must adopt a capital improvement plan as a part of the nexus study
- Nexus studies adopted after 07/01/22, shall calculate a fee imposed on a housing development that is proportionate to the square footage of the proposed units of the development or the nexus study must make findings that an alternative fee calculation methodology creates a reasonable relationship between the fee charged and the burden posed by the development
- This section of the impact fee requirements does not apply to any fees or charges pursuant to Government Code Section 60013, which includes water and sewer connection fees and capacity charges

New Transparency Requirements For Public Agencies

- Fees must be posted to the public agency's website within 30 days of any change in the fees
- Public agencies must post to their website the current and five previous annual impact fee accounting reports that are required pursuant to Government Code Section 66006
- Public agencies must post to their website all nexus studies, cost of service studies, or equivalent studies that were conducted on or after January 1, 2018

New Nexus Study Procedural Requirements

- Nexus studies must be updated at least every 8 years, from the period beginning on January 1, 2022
- Nexus studies and impact fees must be adopted at a public hearing with at least a 30 day notice (this is an increase from the current 10 days)
- Members of the public may submit evidence that the nexus findings in the nexus study are insufficient; the public agency must consider all such evidence

1. INTRODUCTION

BACKGROUND

The City of Lathrop is located in the Sacramento central valley, approximately 58 miles south of Sacramento and 80 miles east of San Francisco. When the City incorporated in 1989, its population was approximately 6,500; as of January 2022, the California Department of Finance estimates the City's population is 31,331.

In 1990 the City adopted its original Capital Facilities Fees program to fund growth in the City. In 1994 the City updated the CFF and included additional fees in the program. In subsequent years the City added other fees to the CFF program. For example, in 1997 it added the West Lathrop Specific Plan Regional Transportation Impact Fee, which was developed in coordination the San Joaquin Council of Governments and area developers. In 2003 a comprehensive effort was undertaken to update the CFF program to include new planning areas in the western part of the City and establish new fees for these areas. One of the new CFFs was the West/Central Lathrop Regional Transportation CFF. The WCLRT CFF was created in 2003 to supplement funding for transportation facilities needed for the West Lathrop Specific Plan Area. The capital improvement plan for the West/Central Lathrop Regional Transportation CFF currently includes 28 transportation projects.

FEES CALCULATED IN THIS CFF STUDY UPDATE

The West/Central Lathrop Regional Transportation CFF for the CLSP area has been updated in this Fee Study to include four additional traffic improvements, including three traffic signals and traffic improvements at a fourth intersection in the CLSP area. Additionally, all the transportation facilities in this transportation CFF program have been updated in this Fee Study based on the increase in the ENR 20-City CCI for December 2021, which is 12,481.82.

MITIGATION FEE ACT (AB 1600)

The Mitigation Fee Act, commonly known as Assembly Bill (AB) 1600, was enacted by the State of California in 1987 and created Section 66000 et. seq. of the Government Code. AB 1600 requires that all public agencies satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of approval for a development project:

1. Identify the purpose of the fee
2. Identify the use to which the fee will be put
3. Determine how there is a reasonable relationship between:
 - A. The fee's use and the type of development project on which the fee is imposed
 - B. The need for the public facility and the type of development project on which the fee is imposed
 - C. The amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed

The purpose of this Fee Study is to demonstrate that the fees calculated herein comply with the Mitigation Fee Act. The assumptions, methodologies, facility standards, costs, and cost allocation factors that were used to establish the nexus between the fees and the development on which the fees will be levied are summarized in subsequent chapters of this report.

ORGANIZATION OF REPORT

The remainder of this report has been organized into the following chapters:

Chapter 2	Provides a brief summary of the land uses planned for CLSP
Chapter 3	Provides an explanation of the fee methodology used to calculate the fees in this Fee Study
Chapter 4	Provide details of the fee calculations for transportation CFF
Chapter 5	Discusses the nexus findings for the CFFs
Chapter 6	Addresses implementation of the updates to the fee program, future fee adjustments, and administrative duties required by the fee law

2. Land Uses in CLSP

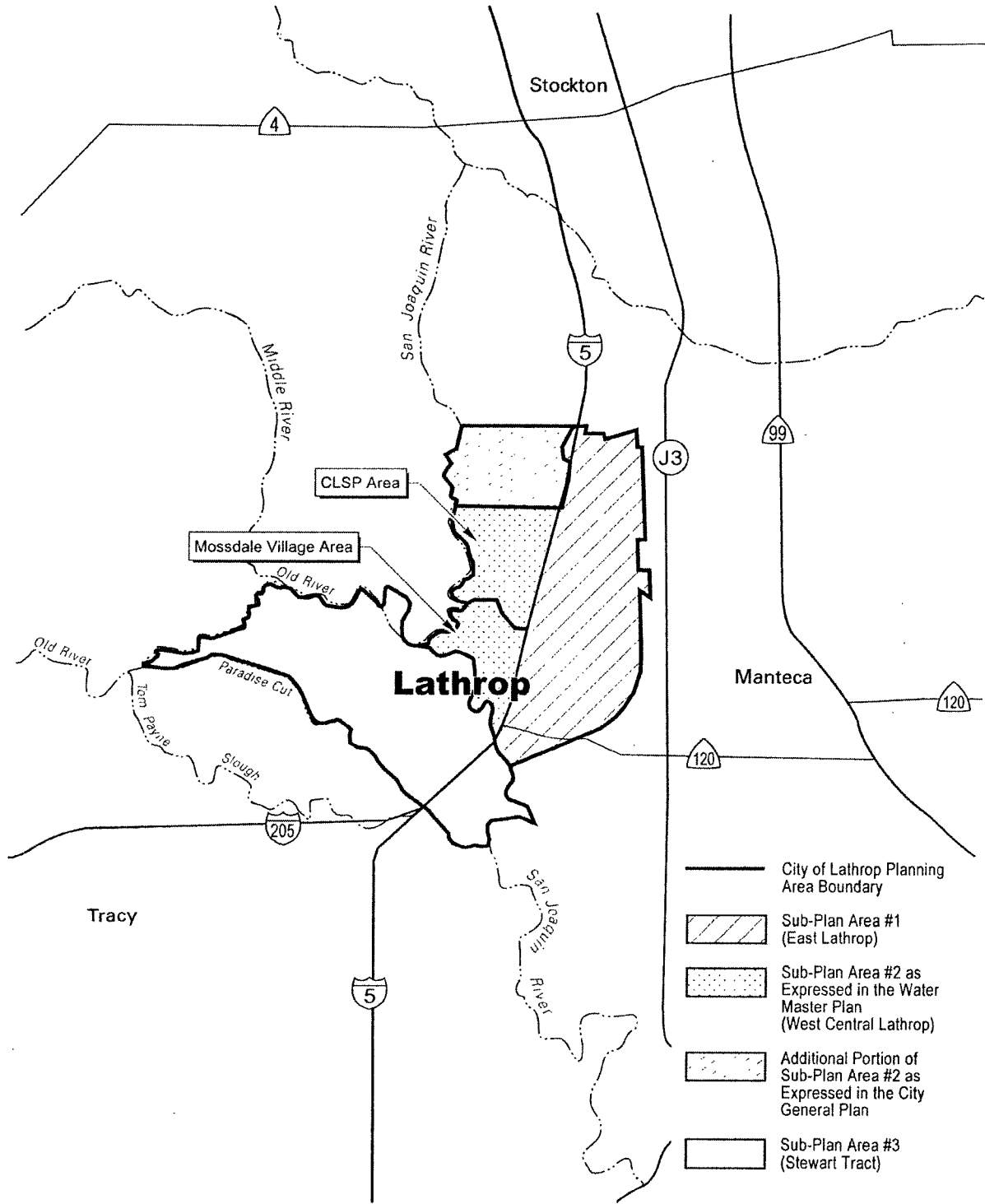
CLSP area abuts the northern boundary of Mossdale Village and includes 1,521 acres that are planned for 5,144 residential units and approximately 4.7 million square feet of commercial space. The 5,144 units include 4,870 single family residential (“SFR”) units and 274 multifamily residential (“MFR”) units. Saybrook CLSP, LLC (Saybrook) is the primary developer in CLSP. Saybrook estimates that their project will include a total of 1,850 residential units, including 1,576 SFR and 274 MFR units.

Table 1
CLSP Land Use Summary

Key	Land Use	Acres
VR-CL	Variable Density Residential-CL	703.1
HR-CL	High Density Residential-CL	28.3
R/MU-CL	Residential / Mixed Use-CL	45.2
OC/VR WWTP-CL	Office-Commercial/Residential/ Wastewater Treatment Plant-CL	67.0
OC-CL	Office Commercial-CL	239.7
NC-CL	Neighborhood Commercial-CL	12.6
SPC-CL	Specialty Commercial-CL	7.9
P-SP/NC-CL	Public/Semi-Public/Neigh. Comm'l - CL	11.1
HS-CL	High School-CL	50.0
K-8-CL	K-8 School-CL	54.6
CP-CL	Community Park-CL	70.0
NP-CL	Neighborhood Park-CL	45.0
OS-CL	Levee, Open Space, River-CL	93.8
n/a	Major Roads-CL	92.7
CLSP Gross Acreage		1521.0

Source: Central Lathrop Specific Plan

Exhibit 1 – Map of Central Lathrop Specific Plan



3. *FEE METHODOLOGY*

When impact fees are calculated, an analysis must be presented in enough detail to demonstrate that a logical and thorough consideration was applied in the process of determining how the fees relate to the impacts from new development. Various findings pursuant to the impact fee statute must be made to ensure that a reasonable relationship exists between the fee amount and the impact caused by development on which the fee will be levied. Following is a discussion of the method used in this Fee Study to allocate facilities costs to development and determine the fees in the fee program.

FEE METHODOLOGY

The plan-based fee methodology is used in this Fee Study. This methodology is used for facilities that must be designed based on future demand projections within a geographic location. Typically, a formal plan such as a specific plan, facilities needs assessment, or master plan identifies and supports the level of facilities required to serve the plan area. This plan would typically consider the existing facilities already in place and determine what additional facilities would be necessary to accommodate new development. For example, the need for transportation-related improvements depends specifically on the projected number of trips that must be accommodated on specific roadways. An analysis of existing facilities, geographic constraints, and current levels of service must be completed in order to identify the future facility needs. This information is analyzed in conjunction with a projection of the amount and location of future development in the plan area to determine the adequacy of existing facilities and the demand for new improvements that will be required. Depending on the level of existing facilities, the plan-based fee methodology may allocate planned facilities costs to either future development only or to future and existing development. The steps to calculate a fee under the plan-based fee methodology include the following:

- Step 1* Identify existing facilities and estimate future demand for facilities at build out of the plan area
- Step 2* Determine facilities needed to serve anticipated growth in the plan area
- Step 3* Estimate the gross cost of facilities needed to serve the future development in the plan area
- Step 4* Subtract the gross cost of any facilities included in the facilities plan that will cure an existing deficiency in service or will serve other development areas

- Step 5** Subtract revenues available from alternative funding sources, if any, to identify a net facilities cost that will be allocated to future development.
- Step 6** Select cost allocation factors (e.g., trips generated) that will be used to allocate facility costs on a proportional impact basis; apply cost allocation factors to each of the land use categories based on their relative service demand or impact on each type of facility
- Step 7** Estimate the total impact from future development by multiplying the total number of units/acres/square feet for each respective land use by its cost allocation factor. Sum the total cost allocation factors for each land use category
- Step 8** Determine the percentage distribution of the cost allocation factors for each land use category by dividing the total of the cost allocation factors for each land use category by the total of all cost allocation factors for all land use categories
- Step 9** Multiply the percent distribution for each land use category, as determined in Step 8, by the total facilities cost to determine the portion of the facility cost that is allocated to each land use category
- Step 10** Divide the facilities cost that is allocated to each land use category, as determined in Step 9, by the number of residential units or per 1,000 square feet of building space, to determine the facilities fees

4. WEST/CENTRAL LATHROP REGIONAL TRANSPORTATION CFF UPDATE

This section of the report identifies the facilities, costs, and the updated CFF rates required to fund the transportation facilities in the WCLRT CFF program.

BACKGROUND

The WCLRT CFF was created in 2003 to supplement the existing WLSP Regional Transportation Impact Fee (RTIF). The RTIF was created in 1997 to mitigate the transportation impacts from developments in the West Lathrop Specific Plan area (WLSP). The WLSP area includes the Mossdale Village, CLSP, and River Islands developments. The WCLRT CFF provides a revenue source for funding transportation facilities that include specific transportation projects serving development areas west of the I-5 highway.

FACILITIES AND COSTS

Table 2 on the following page identifies the transportation facilities in the WCLRT CFF program and presents their costs in 2022 dollars. These facilities costs have been inflated over the years based on the ENR 20-City CCI. In 2022 City staff identified the need for three additional traffic signals and traffic improvements to a fourth intersection in the CLSP area. These traffic improvements, totaling \$1.2 million and identified in Table 2 as item numbers 29 through 32, are necessary to serve development in the WLSP area. Because the improvements primarily will serve the WLSP area, their costs are allocated to CLSP, Mossdale Village, and Stewart Tract developments.

Table 2 - Transportation Facilities and Costs

No.	Route	Project Limits	Description	Project Cost (2022 \$)
1	Arbor Avenue	Between Macathur Drive and Paradise Avenue	Widen roadway to 4 lanes with left turn at all intersections and driveways	\$15,368,000
2	Golden Valley Parkway	Between Paradise Avenue and Paradise Cut	Construct a 4-lane roadway with left turn lanes at all intersections and driveways includes Paradise Cut bridge	\$50,793,000
3	Golden Valley Parkway	Between Paradise cut and San Joaquin River	Construct a 4-lane divided arterial. Includes San Joaquin River Bridge	\$34,888,000
4	Golden Valley Parkway	Between San Joaquin River and River Edge Avenue	Construct a 4-lane divided arterial.	\$4,631,000
5	Golden Valley Parkway	Between River Edge Avenue and River Island Parkway.	Construct a 6-lane divided arterial.	\$9,463,000
6	Golden Valley Parkway	Between River Island Parkway and Lathrop Road	Construct a 6-lane divided arterial.	\$10,168,000
7	Golden Valley Parkway	Btw. Lathrop Road and Central Lathrop Specific Plan north border	Construct a 4/6 divided arterial.	\$7,971,000
8	Golden Valley Parkway / Manthey Road	Between Central Lathrop Specific Plan north border and Roth Road.	Construct a improved 2-lane arterial.	\$2,405,000
9	Roth Road Interchange Improvements	Roth Road Interchange	Signalize and improve ramp intersections, include 4 lanes in interchange area.	\$1,265,000
10	Lathrop Road Interchange Improvements	Lathrop Road Interchange	Signalize and improve ramp intersections, include 8 lanes in interchange area.	\$42,666,000
11	Lathrop Road	Between Golden Valley Parkway and I-5	Construct a 6-lane divided arterial.	\$1,611,000
12	Louise Avenue Interchange Improvements	Louise Avenue Interchange	Construct 8 lanes in interchange area, expand ramps, upgrade signals as required.	\$45,001,000
13	River Island Parkway	Between Golden Valley Parkway and I-5	Construct a 6-lane divided arterial	\$1,275,000
14	River Island Parkway	Between Golden Valley Parkway and McKee Avenue	Construct a 6-lane divided arterial	\$2,551,000
15	River Island Parkway	Between McKee Avenue and San Joaquin River	Construct a 4-lane divided arterial. Includes San Joaquin River Bridge.	\$16,747,000
A	River Island Parkway	Between San Joaquin River and Broad Street	Construct a 4-lane divided arterial	\$2,674,000
B	Broad Street	Between River Island Parkway and South River Island Parkway	Construct a 4-lane divided arterial	\$4,095,000
C	S River Island Parkway	Between Broad Street and Golden Valley Parkway.	Construct a 4-lane divided arterial.	\$3,964,000
D	Broad Street	Between River South Island Parkway and Golden Valley Parkway	Construct a 4-lane divided arterial.	\$3,079,000
16	Paradise Avenue Interchange Improvements	Paradise Avenue Interchange	Construct new diagonal ramps, signalize ramp intersections, add left turn lanes on all approaches to new signalized intersections, maintain 2-lane overpass.	\$34,980,000
17	Paradise Avenue	Between I-205 and Golden Valley Parkway	Widen roadway to 4 lanes with left turn at all intersections and driveways	\$1,657,000
19	Macarthur Drive Interchange Improvements	Macarthur Drive Interchange	Construct interchange improvements	\$18,553,000
20	Macarthur Drive	Between I-205 and Arbor Avenue	Widen Roadway to 4 lanes	\$2,302,000
21	Arbor Avenue and Macarthur Drive	Traffic Signal	Construct new traffic signals	\$794,000
22	Golden Valley Parkway and Paradise Avenue	Traffic Signal	Construct new traffic signals.	\$794,000
23	Golden Valley Parkway and River Island Parkway	Traffic Signal	Construct new traffic signals.	\$794,000
24	Golden Valley Parkway and Lathrop Road	Traffic Signal	Construct new traffic signals	\$794,000
25	River Island Parkway and Broad Street	Traffic Signal	Construct new traffic signals	\$466,000
26	S River Island Parkway and Broad Street	Traffic Signal	Construct new traffic signals.	\$466,000
27	Golden Valley Parkway and Broad Street	Traffic Signal	Construct new traffic signals.	\$466,000
28	Golden Valley Parkway and S. River Island Parkway	Traffic Signal	Construct new traffic signals	\$466,000
29	Golden Valley Parkway and Stanford Crossing	Traffic Signal	Construct new traffic signals	\$448,366
30	Golden Valley Parkway and Faber Street	Traffic Signal	Construct new traffic signals.	\$448,366
31	Golden Valley Parkway and Spartan Way	Traffic Signal ¹	Construct new traffic signals	\$180,000
32	Central Pacific Street and Spartan Way	Improvements	Project Improvement costs	\$100,000
Total				\$324,323,732

¹ \$180,000 of the project cost will be funding through the fee program with the remainder of the cost funded through a grant

Table 3 on the following page shows the total cost of the transportation facilities in the WCLRT CFF program is \$324.3 million. An estimated \$110.4 million in fee revenue is expected to be collected through the WLSP RTIF program for seven transportation projects that are in both of these transportation fee programs. This amount will be used to reduce the total cost of the transportation projects to be funded through WCLRT CFF. This would leave a net cost of \$213.9 million to be allocated to development through the WCLRT CFF program.

The cost allocation percentages shown in Table 3 are based on a traffic model analysis conducted by TJKM in 2003 and were applied in the WCLRT CFF calculation in the 2005 Fee Study. Costs are allocated based on trip generation from the following five zones:

1. Area A = Central Lathrop Specific Plan area
2. Area B = Mosssdale Village
3. Area C = River Islands
4. Area D = East Lathrop
5. Area E = Areas outside the City

Based on the trip generation allocation, the CLSP area is allocated approximately \$41.2 million of the transportation project costs, or about 19% of the total \$213.9 million cost; Mosssdale Village is allocated \$23.2 million, or about 11% of the total cost; and River Islands is allocated \$68.8 million, or about 32% of the total cost. The remaining 38% of the cost, approximately \$80.7 million, is allocated to East Lathrop and areas outside of the City and therefore this portion of the total cost cannot be collected and will need to be funded through other alternative sources.

Table 3 - Transportation Facilities Cost Allocation

No.	Project Cost (2022 \$)	Less: '97 RTIF (2022 \$)	Net Project Cost (2022 \$)	Contribution to Projects by Area ¹							Net Project Cost by Area			
				A	B	C	D	E	Total	A	B	C	Total	
1	\$15,368,000	\$0	\$15,368,000	11.1%	7.1%	48.5%	2.0%	31.3%	100%	\$1,707,555	\$1,086,626	\$7,451,151	\$10,245,332	
2	\$50,793,000	(\$31,785,000)	\$19,008,000	14.0%	2.0%	45.0%	18.0%	21.0%	100%	\$2,661,120	\$380,160	\$8,553,599	\$11,594,879	
3	\$34,888,000	(\$21,832,000)	\$13,056,000	19.1%	17.3%	48.2%	4.5%	10.9%	100%	\$2,492,510	\$2,255,127	\$6,290,619	\$11,038,255	
4	\$4,631,000	(\$2,898,000)	\$1,733,000	13.1%	21.2%	59.1%	5.8%	0.7%	100%	\$227,693	\$366,839	\$1,024,620	\$1,619,153	
5	\$9,463,000	(\$5,922,000)	\$3,541,000	19.4%	19.4%	50.7%	9.0%	1.5%	100%	\$687,060	\$687,060	\$1,796,925	\$3,171,045	
6	\$10,168,000	(\$6,363,000)	\$3,805,000	49.1%	20.9%	20.2%	7.4%	2.5%	100%	\$1,867,484	\$793,680	\$770,338	\$3,431,502	
7	\$7,971,000	\$0	\$7,971,000	69.9%	8.1%	7.4%	14.0%	0.7%	100%	\$5,567,977	\$644,713	\$586,102	\$6,798,792	
8	\$2,405,000	\$0	\$2,405,000	68.9%	0.9%	1.9%	25.5%	2.8%	100%	\$1,656,272	\$22,687	\$45,378	\$1,724,338	
9	\$1,265,000	\$0	\$1,265,000	16.6%	4.1%	5.5%	23.0%	50.9%	100%	\$210,242	\$52,245	\$68,943	\$331,430	
10	\$42,666,000	(\$6,653,000)	\$36,013,000	30.9%	5.3%	6.8%	32.9%	24.1%	100%	\$11,131,619	\$1,890,683	\$2,448,883	\$15,471,184	
11	\$1,611,000	\$0	\$1,611,000	59.9%	4.4%	5.8%	27.7%	2.2%	100%	\$964,247	\$70,554	\$94,074	\$1,128,875	
12	\$45,001,000	\$0	\$45,001,000	6.2%	16.7%	25.6%	18.7%	32.7%	100%	\$2,808,064	\$7,528,667	\$11,506,756	\$21,843,487	
13	\$1,275,000	\$0	\$1,275,000	9.8%	27.0%	40.2%	18.0%	4.9%	100%	\$125,409	\$344,877	\$512,091	\$982,377	
14	\$2,551,000	\$0	\$2,551,000	17.9%	17.9%	47.1%	11.4%	5.7%	100%	\$455,536	\$455,536	\$1,202,614	\$2,113,686	
15	\$16,747,000	\$0	\$16,747,000	18.4%	12.9%	55.8%	7.5%	5.4%	100%	\$3,075,979	\$2,164,577	\$9,341,864	\$14,582,421	
A	\$2,674,000	\$0	\$2,674,000	18.9%	12.8%	55.4%	7.4%	5.4%	100%	\$505,921	\$343,342	\$1,481,663	\$2,330,926	
B	\$4,095,000	\$0	\$4,095,000	12.4%	15.7%	59.5%	4.1%	8.3%	100%	\$507,780	\$642,915	\$2,436,935	\$3,587,630	
C	\$3,964,000	\$0	\$3,964,000	3.0%	34.8%	59.8%	1.8%	0.6%	100%	\$120,854	\$1,377,731	\$2,368,731	\$3,867,317	
D	\$3,079,000	\$0	\$3,079,000	10.9%	9.1%	63.6%	3.6%	12.7%	100%	\$335,919	\$280,189	\$1,959,167	\$2,575,275	
16	\$34,980,000	(\$34,980,000)	\$0	5.7%	6.1%	47.9%	2.6%	37.7%	100%	\$0	\$0	\$0	\$0	
17	\$1,657,000	\$0	\$1,657,000	7.0%	7.0%	62.0%	1.0%	23.0%	100%	\$115,990	\$115,990	\$1,027,340	\$1,259,320	
19	\$18,553,000	\$0	\$18,553,000	8.5%	4.4%	24.2%	2.9%	60.1%	100%	\$1,578,860	\$808,910	\$4,487,971	\$6,875,741	
20	\$2,302,000	\$0	\$2,302,000	10.0%	7.0%	43.0%	2.0%	38.0%	100%	\$230,200	\$161,140	\$989,860	\$1,381,200	
21	\$794,000	\$0	\$794,000	9.5%	6.4%	40.8%	2.1%	41.3%	100%	\$75,509	\$50,419	\$324,031	\$449,959	
22	\$794,000	\$0	\$794,000	9.4%	8.2%	61.1%	1.4%	19.9%	100%	\$74,715	\$65,029	\$484,737	\$624,481	
23	\$794,000	\$0	\$794,000	24.0%	26.7%	33.1%	12.3%	4.0%	100%	\$190,560	\$211,601	\$262,735	\$664,896	
24	\$794,000	\$0	\$794,000	62.5%	8.7%	8.8%	18.3%	1.6%	100%	\$496,568	\$69,317	\$69,951	\$635,836	
25	\$466,000	\$0	\$466,000	17.1%	12.4%	61.1%	6.4%	3.0%	100%	\$79,826	\$57,831	\$284,539	\$422,196	
26	\$466,000	\$0	\$466,000	8.8%	14.7%	64.4%	3.2%	8.9%	100%	\$40,776	\$68,642	\$300,197	\$409,614	
27	\$466,000	\$0	\$466,000	8.7%	15.0%	64.6%	5.7%	6.2%	100%	\$40,355	\$69,760	\$300,804	\$410,919	
28	\$466,000	\$0	\$466,000	7.2%	22.3%	63.3%	6.2%	1.0%	100%	\$33,599	\$103,778	\$295,071	\$432,448	
29	\$448,366	\$0	\$448,366	100.0%	0.0%	0.0%	0.0%	0.0%	100%	\$448,366	\$0	\$0	\$448,366	
30	\$448,366	\$0	\$448,366	100.0%	0.0%	0.0%	0.0%	0.0%	100%	\$448,366	\$0	\$0	\$448,366	
31	\$180,000	\$0	\$180,000	49.1%	20.9%	20.2%	7.4%	2.5%	100%	\$88,344	\$37,546	\$36,442	\$162,331	
32	\$100,000	\$0	\$100,000	100.0%	0.0%	0.0%	0.0%	0.0%	100%	\$100,000	\$0	\$0	\$100,000	
Total	\$324,323,732	(\$110,433,000)	\$213,890,732							\$41,151,275	\$23,208,172	\$68,804,130	\$133,163,578	

¹ Area A = CLSP
Area B = Mossdale Village
Area C = Stewart Tract/River Islands
Area D = East Lathrop
Area E = Areas outside the City

COST ALLOCATION

The total cost allocated to CLSP, Mossdale Village, and River Islands are further allocated to development planned in each of these three areas. This cost allocation methodology used in this Fee Study is the same that was used in the 2005 Fee Study. Development estimates for each of the three project areas are multiplied by the adjusted PM peak hour trip rates to determine total trip volume. PM Peak hour trips are adjusted by reducing the trip totals for Retail and Office development by 60% and 20%, respectively, to account for pass-by and diverted trips that are linked to other trips. Reducing these trip totals ensures that trip generation estimates on the roadways is not overestimated. Based on adjusted PM Peak Hour trip volume, an allocation of the total cost is calculated for each land use category. The cost per unit was calculated by dividing the total units into the total allocated cost for each land use category. Tables 4 to 6 show the cost per residential unit and per 1,000 square feet of building space for nonresidential development in each of the three project areas. The cost per unit or per 1,000 building square feet is also the WCLRT CFF rate for each land use category.

Table 4
CLSP - Cost Allocation

Land Use	Units / Bldg SF	Adjusted PM Peak Hour Trip Rate	Adjusted PM Peak Hour Trip Volume	Percent Allocation	Total Costs	Cost per Unit / Bldg SF
Area A - CLSP Cost	\$ 41,151,275					
<i>Dwelling</i>						
<i>Residential</i>	<i>Units</i>	<i>per Unit</i>				<i>per Unit</i>
Single Family	4,870	1.01	4,919	49.61%	\$20,417,172	\$4,192
Multi-Family	274	0.62	170	1.71%	\$705,615	\$2,574
Subtotal - Residential	5,144		5,089	51.33%	\$21,122,787	
<i>Non-Residential</i>						
	<i>Bldg SF</i>	<i>per 1,000 SF</i>				<i>Per 1,000 SF</i>
Service/Office Commercial	3,524,250	0.94	3,313	33.42%	\$13,752,695	\$3,902
Retail Commercial	1,174,750	1.29	1,512	15.25%	\$6,275,793	\$5,342
Subtotal - Non-Residential	4,699,000		4,825	48.67%	\$20,028,488	
Total			9,914	100.00%	\$41,151,275	

Table 5
Mossdale Village - Cost Allocation

Land Use ¹	Units / Bldg SF	Adjusted PM Peak Hour Trip Rate	Adjusted PM Peak Hour Trip Volume	Percent Allocation	Total Costs	Cost per Unit / Bldg SF
Area B - Mossdale Village Cost		\$ 23,208,172				
<i>Dwelling</i>						
<i>Residential</i>	<i>Units</i>	<i>per Unit</i>				<i>per Unit</i>
Single Family	3,605	1.01	3,641	62.04%	\$14,397,846	\$3,994
Multi-Family	122	0.62	76	1.29%	\$300,532	\$2,463
Subtotal - Residential	3,727		3,717	63.33%	\$14,698,377	
<i>Non-Residential</i>						
	<i>Bldg SF</i>	<i>per 1,000 SF</i>				<i>Per 1,000 SF</i>
Service/Office Commercial	344,396	1.45	499	8.50%	\$1,973,228	\$5,730
Retail Commercial	1,033,189	1.60	1,653	28.16%	\$6,536,567	\$6,327
Subtotal - Non-Residential	1,377,585		2,152	36.67%	\$8,509,795	
Total			5,869	100.00%	\$23,208,172	

Table 6
Stewart Tract/River Islands - Cost Allocation

Land Use	Units / Bldg SF	Adjusted PM Peak Hour Trip Rate	Adjusted PM Peak Hour Trip Volume	Percent Allocation	Total Costs	Cost per Unit / Bldg SF
Area C - Stewart Tract Cost		\$68,804,130				
<i>Dwelling</i>						
<i>Residential</i>	<i>Units</i>	<i>per Unit</i>				<i>per Unit</i>
Single Family	9,371	1.01	9,465	62.54%	\$43,030,996	\$4,592
Multi-Family	1,629	0.62	1,010	6.67%	\$4,591,791	\$2,819
Subtotal - Residential	11,000		10,475	69.22%	\$47,622,787	
<i>Non-Residential</i>						
	<i>Bldg SF</i>	<i>per 1,000 SF</i>				<i>Per 1,000 SF</i>
Service/Office Commercial	4,267,000	0.93	3,954	26.13%	\$17,976,182	\$4,213
Retail Commercial	420,000	1.68	705	4.66%	\$3,205,161	\$7,631
Subtotal - Non-Residential	4,687,000		4,659	30.78%	\$21,181,343	
Total			15,134	100.00%	\$68,804,130	

WEST/CENTRAL LATHROP REGIONAL TRANSPORTATION FEE

Table 7 shows the proposed WCLRT CFFs for the three project areas. It should be noted that the proposed CFF for Mossdale Village would only apply to development in Mossdale Village and certain areas within the Mossdale Landing developments for which the development agreement between the City and the developer has expired. Exhibit 2 on the following page identifies the remaining areas in the Mossdale Landing developments, highlighted in blue, that are subject only to annual inflation increases based on the ENR construction index.

Table 7
Proposed West/Central Lathrop Regional Transportation CFF

Land Use	CLSP CFF	Mossdale Village CFF¹	Stewart Tract CFF
<u>Residential</u>			
Single Family	\$4,192 per Unit	\$3,994 per Unit	\$4,592 per Unit
Multi-Family	\$2,574 per Unit	\$2,463 per Unit	\$2,819 per Unit
<u>Non-Residential</u>			
Service/Office Commercial	\$3,902 per 1,000 sf	\$5,730 per 1,000 sf	\$4,213 per 1,000 sf
Retail Commercial	\$5,342 per 1,000 sf	\$6,327 per 1,000 sf	\$7,631 per 1,000 sf

¹ The proposed CFF applies to new development within Mossdale Village and certain areas within the Mossdale Landing developments for which the development agreement between the City and the developer has expired. Exhibit 2 in this report identifies the remaining areas in the Mossdale Landing developments that are subject only to annual inflation increases based on the ENR construction index.

Exhibit 2 – Map of Mossdale Village and Mossdale Landing



- MOSSDALE VILLAGE
- MOSSDALE LANDING

FEE COMPARISON

Tables 8 through 10 compare the proposed WCLRT CFFs to the current City CFFs. These tables show that the proposed WCLRT CFFs are only slightly higher than the current 2022 City CFF rates. The proposed CFF rates for the CLSP area increase by approximately 3.0% over the City’s current rates and proposed CFF rates for Mossdale Village and River Islands increase by less than 0.2% over the City’s current CFF rates.

Table 8
CLSP Fee Comparison – Proposed vs Current CFF

Land Use	Proposed CFF	Current CFF	Percent Increase
<u>Residential</u>			
Single Family	\$4,192 per Unit	\$4,082 per Unit	2.7%
Multi-Family	\$2,574 per Unit	\$2,505 per Unit	2.7%
<u>Non-Residential</u>			
Service/Office Commercial	\$3,902 per 1,000 sf	\$3,800 per 1,000 sf	2.7%
Retail Commercial	\$5,342 per 1,000 sf	\$5,201 per 1,000 sf	2.7%

Table 9
Mossdale Village Fee Comparison – Proposed vs Current CFF

Land Use	Proposed CFF¹	Current CFF	Percent Increase
<u>Residential</u>			
Single Family	\$3,994 per Unit	\$3,987 per Unit	0.2%
Multi-Family	\$2,463 per Unit	\$2,459 per Unit	0.2%
<u>Non-Residential</u>			
Service/Office Commercial	\$5,730 per 1,000 sf	\$5,720 per 1,000 sf	0.2%
Retail Commercial	\$6,327 per 1,000 sf	\$6,316 per 1,000 sf	0.2%

¹ The proposed CFF applies to new development within Mossdale Village and certain areas within the Mossdale Landing developments for which the development agreement between the City and the developer has expired. Exhibit 2 in this report identifies the remaining areas in the Mossdale Landing developments that are subject only to annual inflation increases based on the ENR construction index.

Table 10
Stewart Tract/River Islands Fee Comparison – Proposed vs Current CFF

Land Use	Proposed CFF	Current CFF	Percent Increase
<u>Residential</u>			
Single Family	\$4,592 per Unit	\$4,590 per Unit	0.0%
Multi-Family	\$2,819 per Unit	\$2,817 per Unit	0.1%
<u>Non-Residential</u>			
Service/Office Commercial	\$4,213 per 1,000 sf	\$4,211 per 1,000 sf	0.0%
Retail Commercial	\$7,631 per 1,000 sf	\$7,627 per 1,000 sf	0.1%

AB 602

Tables 8 through 10 show that the proposed WCLRT CFFs are slightly higher than the City's current WCLRT CFFs. Pursuant to AB 602, if a fee study supports increasing an existing fee, the local agency shall review the assumptions of the fee study that supported the original or prior fee and evaluate the amount of fees collected under the original or prior fee.

This Fee Study and City staff support increasing the current WCLRT CFFs that were adopted by the Lathrop City Council in 2019 because the additional fee revenue will be needed to fund the four additional transportation facilities that have been recently added to the transportation capital improvement plan. These facilities will allow the City to maintain its existing D level of traffic service in the WLSP area.

5. NEXUS FINDINGS

Development in the City will create a need for additional transportation facilities as well as expansion of existing facilities to serve future residents and employees. The WCLRT CFF program will provide funding for transportation facilities in accordance with the policies and goals set forth by the City. As required pursuant to the Mitigation Fee Act, the CFFs calculated in this Fee Study meet the nexus requirements of the law, as outlined below.

NEXUS TEST

Purpose of the Fees

The purpose of the CFFs is to provide funding for the transportation facilities identified in this Fee Study.

Use of Fee

CFF revenue will be used to fund future development's fair share of the cost of transportation facilities that have been identified by the City as necessary to serve new development in the City.

Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

New residential and non-residential development will generate additional demand for the transportation facilities identified in this Fee Study. The facilities included in this Fee Study will ensure that the City will maintain the desired D level of transportation service to all areas in the City.

Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

CFF revenue collected will fund the transportation facilities included in this Fee Study. These facilities will serve development in the City and the proposed fees in this Fee Study are a fair-share cost allocation based on the impact that future development will have on these facilities and improvements.

Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

A reasonable relationship between the amount of each CFF and the cost of the public facility, or

portion thereof, is established in this Fee Study through the use of cost allocation factors to estimate the demand for a facility or, the impact that a land use will have on a facility. For example, the cost allocation for the Transportation CFF is based on the peak evening trip generation for each specific land use. The trip generation rates, which differ between land use categories, measure each land use's impact on transportation facilities and infrastructure. As a result, each land use category or development type is allocated its fair share of the cost based on its impact, as identified by its cost allocation factor.

By assigning the demand for facilities based on the cost allocation factors for each land use and quantifying that demand in the calculation of the CFFs, a reasonable relationship is established between the amount of the fee and the cost of the facilities attributable to the distinct types of development in the City.

AB 602 AND RESIDENTIAL CFF RATES

The City's current residential WCLRT CFFs, as well as the proposed WCLRT CFFs in this Fee Study, are based on the trip generation of single family and multifamily residential units determined through empirical studies and presented in the Institute of Transportation Engineers (ITE) Trip Generation manual. By linking the average number of trips generated by the type of residential unit to the total estimated trips that will be generated by future development and the cost of the future transportation facilities needed, a reasonable relationship can be established between the impact of each type of development and the portion of the cost of future transportation facilities that are attributed to each unit of development. The portion of the cost of the future transportation facilities attributed to each residential unit of development can then be used to determine the fee per single family and multifamily unit. However, AB 602, Section 66016.5(a)(5)(A) of the Government Code (GC), states that,

“A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units of the development...”

The AB 602 goes on to further state that a nexus study does not need to comply with Section (A) above if the local agency makes a finding that includes all of the following:

- (i) An explanation as to why the square footage is not an appropriate metric to calculate fees imposed on a housing development.
- (ii) An explanation that an alternative basis of calculating the fee bears a reasonable relationship between the fee charged and the burden posed by the development.

- (iii) That other policies in the fee structure support smaller developments, or otherwise ensure that smaller developments are not charged disproportionate fees.

The City's engineering staff has concluded that applying trip generation rates, based on the ITE Trip Generation manual, to the residential land uses provide a sound methodology of establishing a reasonable relationship between the WCLRT CFF and the burden posed by development. The ITE has developed and refined trip generation data over several decades and this data is used in traffic models to determine the size of future roadways as well as other transportation facilities. The trip generation manuals present residential trip generation rates for single family, multifamily units, and other types of residential developments. However, trip generation data is not available based on the square footage of a residential unit. Because per square foot empirical data is not available to link the impact of residential building square footage on future transportation infrastructure, it is not an appropriate metric to calculate the WCLRT CFF.

Finally, to address item (iii) above, the WCLRT CFF proposed in this Fee Study ensures that smaller developments will pay their proportionate fair share of fees since all categories of residential units have the same trip generation rates and thus have the same WCLRT CFF. As a result, smaller developments will have less units and therefore pay proportionately less in fees.

6. FEE PROGRAM ADMINISTRATION

FEE IMPLEMENTATION

According to the California Government Code, prior to levying a new fee or increasing an existing fee, a public agency must hold at least one open and public meeting; a public notice for this meeting must be posted at least 30 days prior to the meeting. At least 10 days prior to this meeting, the agency must make data on facility costs and funding sources available to the public. Notice of the time and place of the meeting, and a general explanation of the matter, are to be published in accordance with Section 6062a of the Government Code. The Fee Study and fees established herein will be adopted through a City ordinance and resolution. Once the fee program is adopted by the Lathrop City Council, it shall become effective no sooner than sixty days after the final legislative action.

FEE ADJUSTMENTS

The WCLRT CFF will be adjusted in future years to reflect revised facility standards, receipt of funding from alternative sources (i.e., state or federal grants), revised costs, or changes in land uses or development plans. In addition to such adjustments, each year the WCLRT CFF will be adjusted by the change in the Engineering News Record 20-City CCI over the prior calendar year. This Fee Study adjusted costs in this report based on the ENR 20-City CCI value of 12,481.8 for December 2021.

ASSEMBLY BILL 602

On September 28, 2021, Assembly Bill 602 was signed into law and became effective starting January 1, 2022. The law establishes additional procedural and transparency requirements on public agencies when establishing new fees or increasing existing development impact fees. AB 602 amends Government Code Sections 65940.1 and 66019 and adds Government Code Section 66016.5 and Health and Safety Code Section 50466.5. Below are some of the most significant requirements imposed by AB 602:

New Requirements For Nexus Studies

- When applicable, the nexus study shall identify the existing level of service (LOS) for the public facility; identify the proposed new level of service, and explain why the new level of service is appropriate
- If a nexus study supports an increase to existing fee, the public agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fee revenue collected under the original fee
- Large jurisdictions, for example, counties that have a population greater than 250,000 residents, must adopt a capital improvement plan as a part of the nexus study
- Nexus studies adopted after 07/01/22, shall calculate a fee imposed on a housing development that is proportionate to the square footage of the proposed units of the development or the nexus study must make findings that an alternative fee calculation methodology creates a reasonable relationship between the fee charged and the burden posed by the development
- This section of the impact fee requirements does not apply to any fees or charges pursuant to Government Code Section 60013, which includes water and sewer connection fees and capacity charges

New Transparency Requirements For Public Agencies

- Fees must be posted to the public agency's website within 30 days of any change in the fees
- Public agencies must post to their website the current and five previous annual impact fee accounting reports that are required pursuant to Government Code Section 66006
- Public agencies must post to their website all nexus studies, cost of service studies, or equivalent studies that were conducted on or after January 1, 2018

New Nexus Study Procedural Requirements

- Nexus studies must be updated at least every 8 years, from the period beginning on January 1, 2022
- Nexus studies and impact fees must be adopted at a public hearing with at least a 30 day notice (this is an increase from the current 10 days)
- Members of the public may submit evidence that the nexus findings in the nexus study are insufficient; the public agency must consider all such evidence

ANNUAL ADMINISTRATIVE DUTIES

The Government Code requires a public agency to report, every year and every fifth year, certain financial information regarding their impact fees. Within 180 days after the last day of each fiscal year the public agency must make the following information available for the past fiscal year:

- (a) A brief description of the type of fee in the account or fund
- (b) The amount of fee revenue
- (c) The beginning and ending balance of the account or fund
- (d) The amount of fee revenue collected and interest earned
- (e) An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of public improvement that was funded with fees
- (f) An identification of an approximate date by which time construction on the improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement
- (g) A description of each interfund transfer or loan made from the account or fund, when it will be repaid and at what interest rate
- (h) The amount of any refunds made once it is determined that sufficient monies have been collected to fund all projects

The public agency must make this information available for public review and must also present it at the next regularly scheduled public meeting not less than 15 days after this information is made available to the public.

FIFTH-YEAR ADMINISTRATIVE DUTIES

For the fifth year following the first deposit into the fee account and every five years thereafter, the public agency must make the following findings with respect to any remaining funds in the fee accounts:

- (a) Identify the purpose to which the fee is to be put
- (b) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged
- (c) Identify all sources and amounts of funding anticipated to complete financing incomplete improvements
- (d) Designate the approximate dates on which funding is expected to be deposited into the appropriate accounts or funds

As with the annual report, the five-year report must be made public within 180 days after the end of the public agency's fiscal year and must be reviewed at the next regularly scheduled public meeting. The public agency must make these findings; otherwise, the law states that the City must refund the fee revenue to the then current owners of the development project.

GCG

GOODWIN CONSULTING GROUP

CENTRAL LATHROP SPECIFIC PLAN (CLSP) CAPITAL FACILITIES FEE (CFF) STUDY

Fees Included:

1. Update of CLSP Storm Drainage System Improvements – WS2
2. Update of CLSP Storm Drainage System Improvements – WS4
3. New CLSP Water Tank #1



June 30, 2022

CENTRAL LATHROP SPECIFIC PLAN (CLSP) CAPITAL FACILITIES FEES STUDY

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EXECUTIVE SUMMARY

PURPOSE OF THE FEE STUDY

The City of Lathrop (“City”) retained Goodwin Consulting Group to assist in establishing fees for the Central Lathrop Specific Plan Area (“CLSP”) pursuant to the provisions in the Assignment and Amendment of Development Agreement By and Between the City of Lathrop, Saybrook CLSP, LLC and Lathrop Land Acquisition, LLC Relating to the Central Lathrop Specific Plan (“the DA”). The DA was approved by the City Council on December 5, 2016.

The fees (the “CLSP Fees”) presented in this *Central Lathrop Specific Plan (CLSP) Capital Facilities Fee (CFF) Study* (“Fee Study”) include the following:

- CCFF for CLSP Storm Drainage System Improvements – Watershed 2
- CFF for CLSP Storm Drainage System Improvements – Watershed 4
- CFF for CLSP Water Tank #1

CAPITAL FACILITIES COSTS

Section 7.05.4. of the DA states that Saybrook CLSP, LLC shall provide storm drain facilities adequate to accommodate the storm water runoff from the area. Exhibit D3 in the DA identifies the construction costs for storm drainage improvements for Watershed 2 (WS2) and Watershed 4 (WS4). These storm drainage facilities have been constructed by Saybrook and Richland Planned Communities, the prior developer (“Richland” or the “Prior Developer”) for the project. Additionally, Section 7.05.2.5 of the DA states that Saybrook shall construct one or more water tanks consistent with the Water System Report for the CLSP. Saybrook has constructed Water Tank 1 and their engineer provided the costs to construct the water tank.

WATERSHED 2 (WS 2)

WS 2 system improvements include pipelines, manholes, and a shared pump station. The total cost of storm drainage system improvements for WS 2 was \$6,321,210 in 2017. An additional \$1,245,930 in improvements was identified in 2021. These 2017 and 2021 costs are inflated by the 20-City ENR Construction Cost Index (CCI) to 2022 dollars and additional pump station improvements totaling \$869,000 increased the cost to \$9,737,508 in 2022 dollars. These facilities will serve development in the WS2 and therefore the total cost is allocated proportionately to properties in WS2 based on total net acreage. Total net acreage in WS2 is 160.7 acres and this excludes City-owned property, parcels planned for future parks, and public roads. The WS 2 area is planned for variable and high density residential, office/commercial, and a neighborhood park.

WATERSHED 4 (WS 4)

WS 4 system improvements include pipelines, manholes, and a shared pump station. The total cost of storm drainage system improvements for WS 4 is \$5,286,045 in 2017. An additional \$899,130 in improvements was identified in 2021. These 2017 and 2021 costs were inflated by the ENR 20-City CCI to 2022 dollars and additional pump station improvements totaling \$869,000 increased the cost to \$8,090,006 in 2022 dollars. These facilities will serve development in the WS4 and therefore the total cost is allocated proportionately to properties in WS4 based on net acreage. Total net acreage in WS4 is 178.5 acres and this excludes City-owned property, parcels planned for future parks, and public roads. The area is planned for office/commercial development.

WATER TANK #1

Water Tank #1 improvements include all construction and installation costs for the CLSP Water Tank #1. The total cost of Water Tank #1 is \$4,774,309 in 2021 dollars. The 2021 cost was inflated by the ENR 20-City CCI to 2022 dollars. Water Tank #1 will serve a portion of the CLSP area identified in the Stanford Crossing Water Tank #1 Development Area Exhibit (Exhibit 3) in this report. The total cost is allocated to all development in the applicable area proportionately based on the relative water demand (gallons per day) of each planned land use. The total estimated demand in the Water Tank #1 area is estimated to be 938,720 upon buildout of the expected land uses. This area is planned for variable density residential, mixed-use residential, neighborhood commercial, office/commercial, and a neighborhood park.

TOTAL COSTS

Table 1 summarizes the total costs included in the Fee Program. The City inflates fees every January based on the Engineering News Record 20-City CCI. Table 1 below shows the value of the ENR 20-City CCI at several points from December 2016 to December 2021. Based on the increased value of the ENR 20-City CCI, the costs in this Fee Study were increased by 18.54%, 9.67%, or 6.23% depending on the year in which the cost estimates were developed.

**Table 1
ENR 20-City CCI Increases**

Month	Year	ENR 20-City CCI	% Increase to 2022
December	2016	10,530.00	18.54%
December	2019	11,381.00	9.67%
March	2021	11,749.75	6.23%
December	2021	12,481.82	0.00%

In addition to the inflation adjustment, an additional cost of \$869,000 was added to the storm drainage system improvement costs for Watersheds 2 and 4 due to improvements required for the shared pump station serving these areas. Finally, the costs of Water Tank #1 were added and escalated to 2022 dollars. Table 2 below summarizes the updated costs included in this Fee Study.

**Table 2
CLSP Fee Program Costs**

No.	Improvement	Cost (2022 \$) ¹
1	Storm Drain System Improvements - Watershed #2	\$9,737,508
2	Storm Drain System Improvements - Watershed #4	\$8,090,006
3	Water Tank #1	\$5,071,773
Total		\$22,899,287

1. All costs inflated to 2022 dollars pursuant to the CLSP Development Agreement. Represents 18.54% increase for 2017 costs, 9.67% increase for 2019 costs, and 6.23% for 2021 costs.

Source: MacKay & Soms; Exhibit D3 of the Assignment and Amendment of Development Agreement between City of Lathrop, Saybrook CLSP, LLC and Lathrop Land Acquisition, LLC Relating to the CLSP

FEE SCHEDULE

Tables 3 below summarizes the proposed CLSP Fees. The WS 2 Fee is \$9,655 per single-family unit (including both LDR and MDR zoning designations), \$3,361 per multi-family unit (including the HDR zoning designation), and \$60,579 per non-residential net acre. The WS 2 Fee will be levied only in the Watershed 2 area. Because Saybrook and/or the Prior Developer funded these costs, Saybrook will receive fee credits or reimbursement (their choice) for its development in WS 2 and also reimbursement from other developers in the WS 2 area.

The WS 4 Fee is \$45,322 per net acre of development and will be levied only in the Watershed 4 area. Because Saybrook and/or the Prior Developer funded these costs, Saybrook will receive fee credits or reimbursement (their choice) for its development in WS 4 and also reimbursement from other developers in the WS 4 area.

The Water Tank #1 Fee is \$2,323 per single-family unit, \$1,432 per multi-family unit, and \$7,024 per non-residential net acre. The Water Tank #1 Fee will be levied only in the Water Tank #1 Fee area. Because Saybrook and/or the Prior Developer funded these costs, Saybrook will receive fee credits for its development in the Water Tank #1 area and also reimbursement from other developers in the Water Tank #1 area.

**Table 3
CLSP Fee Summary**

Reimbursable Item	Fee Per Single-Family Unit	Fee Per Multi-Family Unit	Fee Per Non-Residential Acre
1 Storm Drain System Improvements - Watershed #2 Fee	\$9,655	\$3,361	\$60,579
2 Storm Drain System Improvements - Watershed #4 Fee	na	na	\$45,322
3 Water Tank #1 Fee	\$2,323	\$1,432	\$7,024
Total			

FEE ADJUSTMENTS

The CLSP Fees may be adjusted in future years to reflect revised facility standards, revised costs, or changes in land uses, or development plans. In addition to such adjustments, each year the CLSP Fees will be adjusted by the change in the ENR 20-City CCI over the prior calendar year. The inflation-adjusted facilities and planning costs in this Fee Study are based on the ENR 20-City CCI value for December 2021, which is 12,481.8.

ASSEMBLY BILL 602

On September 28, 2021, Assembly Bill 602 was signed into law and became effective starting January 1, 2022. The law establishes additional procedural and transparency requirements on public agencies when establishing new fees or increasing existing development impact fees. AB 602 amends Government Code Sections 65940.1 and 66019 and adds Government Code Section 66016.5 and Health and Safety Code Section 50466.5. Below are some of the most significant requirements imposed by AB 602:

New Requirements For Nexus Studies

- When applicable, the nexus study shall identify the existing level of service (LOS) for the public facility; identify the proposed new level of service, and explain why the new level of service is appropriate
- If a nexus study supports an increase to existing fee, the public agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fee revenue collected under the original fee
- Large jurisdictions, for example, counties that have a population greater than 250,000 residents, must adopt a capital improvement plan as a part of the nexus study
- Nexus studies adopted after 07/01/22, shall calculate a fee imposed on a housing development that is proportionate to the square footage of the proposed units of the development or the nexus study must make findings that an alternative fee calculation methodology creates a reasonable relationship between the fee charged and the burden posed by the development
- This section of the impact fee requirements does not apply to any fees or charges pursuant to Government Code Section 60013, which includes water and sewer connection fees and capacity charges

New Transparency Requirements For Public Agencies

- Fees must be posted to the public agency’s website within 30 days of any change in the fees
- Public agencies must post to their website the current and five previous annual impact fee accounting reports that are required pursuant to Government Code Section 66006
- Public agencies must post to their website all nexus studies, cost of service studies, or equivalent studies that were conducted on or after January 1, 2018

New Nexus Study Procedural Requirements

- Nexus studies must be updated at least every 8 years, from the period beginning on January 1, 2022
- Nexus studies and impact fees must be adopted at a public hearing with at least a 30 day notice (this is an increase from the current 10 days)
- Members of the public may submit evidence that the nexus findings in the nexus study are insufficient; the public agency must consider all such evidence

1. INTRODUCTION

BACKGROUND

The City of Lathrop is located in the Sacramento central valley, approximately 58 miles south of Sacramento and 80 miles east of San Francisco. When the City incorporated in 1989, its population was approximately 6,500; as of January 2021, the California Department of Finance estimates the City's population is 28,503.

FEES INCLUDED IN FEE STUDY

The City retained Goodwin Consulting Group to assist in establishing fees for the Central Lathrop Specific Plan Area pursuant to the provisions in the Assignment and Amendment of Development Agreement By and Between the City of Lathrop, Saybrook CLSP, LLC and Lathrop Land Acquisition, LLC Relating to the Central Lathrop Specific Plan.

The CLSP Fees presented in this *Central Lathrop Specific Plan (CLSP) Capital Facilities Fee Study* include the following:

- CFF for CLSP Storm Drainage System Improvements – Watershed 2
- CFF for CLSP Storm Drainage System Improvements – Watershed 4
- CFF for CLSP Water Tank #1

MITIGATION FEE ACT (AB 1600)

The Mitigation Fee Act, commonly known as Assembly Bill (AB) 1600, was enacted by the State of California in 1987 and created Section 66000 et. seq. of the Government Code. AB 1600 requires that all public agencies satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of approval for a development project:

1. Identify the purpose of the fee
2. Identify the use to which the fee will be put
3. Determine how there is a reasonable relationship between:
 - A. The fee's use and the type of development project on which the fee is imposed
 - B. The need for the public facility and the type of development project on which the fee is imposed

- C. The amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed

The purpose of this Fee Study is to demonstrate that the fees calculated herein comply with the Mitigation Fee Act. The CLSP Storm Drainage System Improvements CFF for Watershed 2, Watershed 4, and Water Tank #1 CFF were established in accordance with The Mitigation Fee Act. The assumptions, methodologies, facility standards, costs, and cost allocation factors that were used to establish the nexus between the fees and the development on which the fees will be levied are summarized in subsequent chapters of this report.

ORGANIZATION OF REPORT

The remainder of this report has been organized into the following chapters:

Chapter 2	Provides a brief summary of the land uses planned for CLSP
Chapter 3	Provides an explanation of the fee methodology used to calculate the fees in this Fee Study
Chapters 4-6	Provide details of the fee calculations for the CLSP WS2 and WS4 Storm Drainage System Improvement CFFs, as well as the Water Tank #1 CFF
Chapter 7	Discusses the nexus findings for the WS2, WS4, and Water Tank #1 CFFs
Chapter 8	Summarizes the CLSP Fees calculated in this report
Chapter 9	Addresses implementation of the fee program, future fee adjustments, and administrative duties required by the fee law

2. Land Uses in CLSP

CLSP abuts the northern boundary of Mossdale Village and includes 1,521 gross acres that are planned for 5,144 residential units and approximately 4.7 million square feet of commercial space. The 5,144 units include 4,870 single family residential (“SFR”) units and 274 multifamily residential (“MFR”) units. Saybrook is the primary developer in CLSP. Saybrook estimates that their portion of the CLSP will include a total of 1,850 residential units, including 1,576 SFR and 274 MFR units.

Table 4.0
CLSP Land Use Summary

Key	Land Use	Acres
VR-CL	Variable Density Residential-CL	703.1
HR-CL	High Density Residential-CL	28.3
R/MU-CL	Residential / Mixed Use-CL	45.2
OC/VR WWTP-CL	Office-Commercial/Residential/ Wastewater Treatment Plant-CL	67.0
OC-CL	Office Commercial-CL	239.7
NC-CL	Neighborhood Commercial-CL	12.6
SPC-CL	Specialty Commercial-CL	7.9
P-SP/NC-CL	Public/Semi-Public/Neigh. Comm'l - CL	11.1
HS-CL	High School-CL	50.0
K-8-CL	K-8 School-CL	54.6
CP-CL	Community Park-CL	70.0
NP-CL	Neighborhood Park-CL	45.0
OS-CL	Levee, Open Space, River-CL	93.8
n/a	Major Roads-CL	92.7
CLSP Gross Acreage		1521.0

Source: Central Lathrop Specific Plan

Table 4.1 identifies the net acreage in the CLSP area. The total net acreage does not include public land uses, parks and open space, or major/existing roadways. Several updates to the net acreage have occurred since the CLSP was adopted and these changes have been incorporated into Table 4.1. For example, an 18-acre site that was previously planned for a K-8 school was rezoned to Variable Density Residential; the City also rezoned 12.56 acres of park land to residential development; and 5.76 acres that were planned for Residential Mixed Use were developed as the City's Generation Center. After incorporating these zoning changes, the total net acreage in the CLSP area equals 1,128.6 acres.

**Table 4.1
CLSP Net Acreage Summary**

Land Use		Acreage (Net)¹
Variable Density Residential	VR ²	747.0
High Density Residential	HR	28.3
Residential (Mixed Use)	R(MU) ³	26.1
Office/Commercial (Mixed)	OC/VR	67.0
Office/Commercial	OC/VR	239.7
Neighborhood Commercial	NC	12.6
Specialty Commercial	SPC	7.9
CLSP Net Acreage¹		1128.6

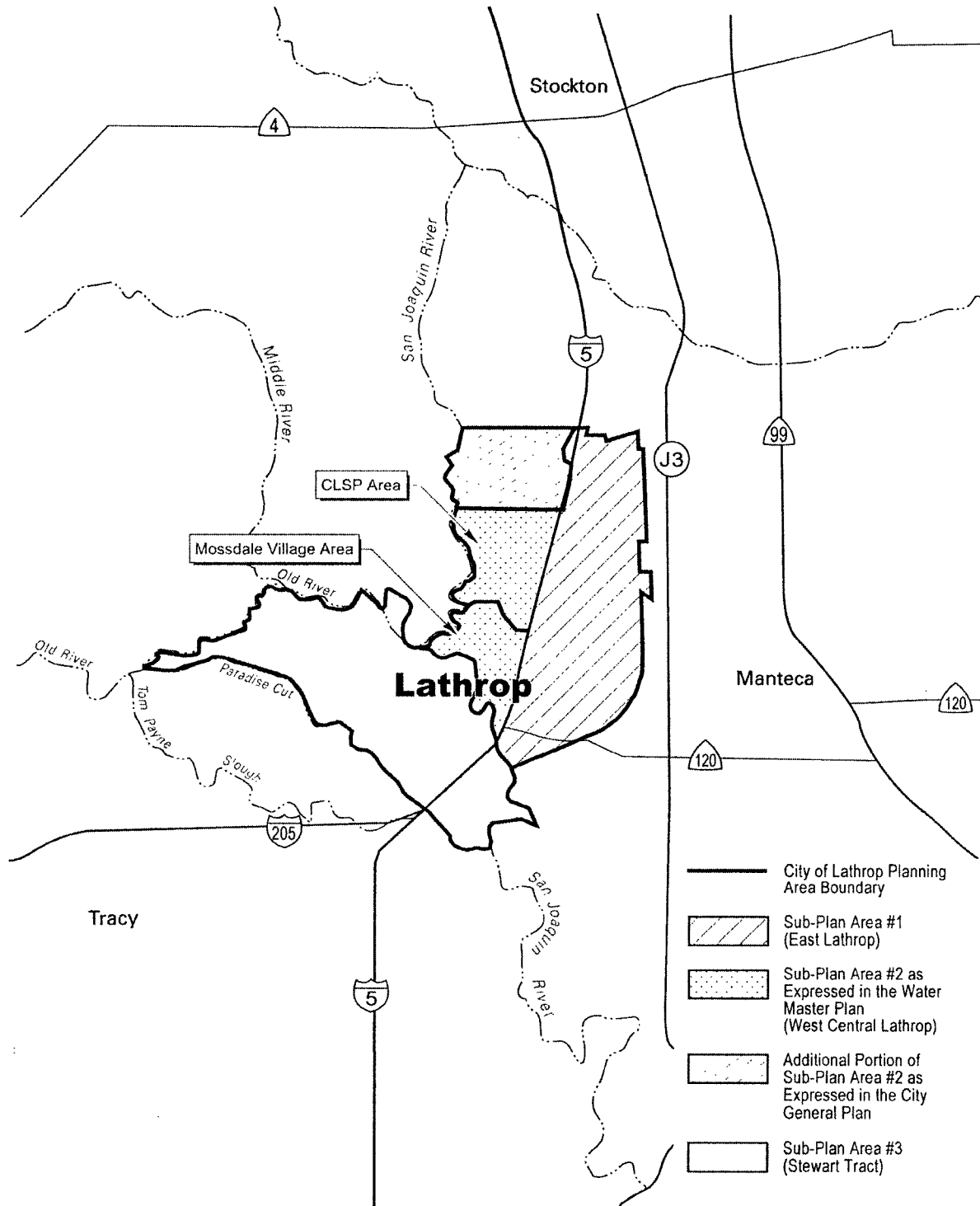
¹ Net acreage does not include public uses, parks and open space, or major/existing roadways.

² Variable Density Residential acreage includes a formerly planned 18-acre K-8 schoolsite that was rezoned to VR; 13.34 acres that were planned for Mixed Use Residential, but are developed as Variable Density Residential; and 12.56 acres that were rezoned from park land to residential development.

³ Residential Mixed Use acreage exludes 19.1 acres that were planned for R(MU); 13.34 acres were developed as Variable Density Residential and an additional 5.76 acres were developed as the Lathrop Generations Center.

Source: Central Lathrop Specific Plan; MacKay & Soms

Exhibit 1 – Map of Central Lathrop Specific Plan



3. *FEE METHODOLOGY*

When impact fees are calculated, an analysis must be presented in enough detail to demonstrate that a logical and thorough consideration was applied in the process of determining how the fees relate to the impacts from new development. Various findings pursuant to the impact fee statute must be made to ensure that a reasonable relationship exists between the fee amount and the impact caused by development on which the fee will be levied. Following is a discussion of the method used in this Fee Study to allocate facilities costs to development and determine the fees in the fee program.

FEE METHODOLOGY

The plan-based fee methodology is used in this Fee Study. This methodology is used for facilities that must be designed based on future demand projections within a geographic location. Typically, a formal plan such as a specific plan, facilities needs assessment, or master plan identifies and supports the level of facilities required to serve the plan area. This plan would typically consider the existing facilities already in place and determine what additional facilities would be necessary to accommodate new development. For example, the need for transportation-related improvements depends specifically on the projected number of trips that must be accommodated on specific roadways. An analysis of existing facilities, geographic constraints, and current levels of service must be completed in order to identify the future facility needs. This information is analyzed in conjunction with a projection of the amount and location of future development in the plan area to determine the adequacy of existing facilities and the demand for new improvements that will be required. Depending on the level of existing facilities, the plan-based fee methodology may allocate planned facilities costs to either future development only or to future and existing development. The WS 2, WS 4, and Water Tank #1 Fees were calculated based on the plan-based methodology. The steps to calculate a fee under the plan-based fee methodology include the following:

- Step 1* Identify facilities and estimate future demand for facilities at build out of the plan area.
- Step 2* Estimate the cost of facilities needed to serve the future development in the plan area.
- Step 3* Subtract revenues available from alternative funding sources, if any, to identify a net facilities cost that will be allocated to future development.

- Step 4** Select cost allocation factor that will be used to allocate facility costs on a proportional impact basis; apply cost allocation factor to each of the land use categories based on their relative service demand or impact on each type of facility; this Fee Study uses net acres to allocate costs in WS 2 and WS 4 and average daily demand for water (gallons per day) for Water Tank #1. Additionally, for the WS 2 Fee, costs are broken down by the net acreage associated with planned land uses in the WS 2 Area.
- Step 5** If applicable, estimate the total impact from future development by multiplying the total number of units/acres for each respective land use by its cost allocation factor. Sum the total cost allocation factors for each land use category.
- Step 6** Determine the percentage distribution of the cost allocation factors for each land use category by dividing the total of the cost allocation factors for each land use category by the total of all cost allocation factors for all land use categories.
- Step 7** Multiply the percent distribution for each land use category, as determined in Step 6, by the total facilities cost to determine the portion of the facility cost that is allocated to each land use category.
- Step 8** Divide the facilities cost that is allocated to each land use category, as determined in Step 7, by the number of units/acres to determine the facilities fees.

4. ***STORM DRAINAGE SYSTEM IMPROVEMENTS – WATERSHED 2 CFF***

Section 7.05.4. of the DA states that Saybrook shall provide storm drain facilities adequate to accommodate the storm water runoff from the areas that it develops. Section 5.05.3 requires the City to establish a finance mechanism to allocated development its fair share project costs and reimburse Saybrook for any oversizing of facilities. All developable acres in WS 2 will be subject to the WS 2 CFF. This section of the report identifies the land acreage, costs, and the CFF rates required to fund the reimbursement of storm drainage infrastructure costs for Watershed 2.

WATERSHED 2 FACILITIES AND COSTS

Storm Drain system improvements for WS 2 were constructed by the Prior Developer and/or Saybrook and consist of various size pipelines, manholes, one quarter of the total pump station cost and costs associated with right-of-way acquisition, contingencies, and design, plan check, bonding, staking, and inspection. The original facilities cost was \$6,321,210 in 2017; but the City identified additional facilities totaling \$1,245,930 in 2021. These costs were inflated using the ENR 20-City CCI to \$8,868,508 in 2022 dollars. Furthermore, a quarter of a pump station’s cost (see Table 5), equal to \$869,000 was added to the total cost. Table 6 on the following page shows the total cost of WS 2 facilities is \$9,737,508.

**Table 5
Additional Pump Station Costs**

2017 - Saybrook Contact to Auburn	\$270,000
Change Orders to Auburn Contract	\$2,834,548
<hr/>	
Total Amount Paid to Auburn by 2017 Saybrook Contract	\$3,104,548
Sale of Equipment to Crow Holdings (City ordered Removal)	(\$254,625)
Amount Paid to TESCO by SFA	\$91,950
Amount Paid to GENERAC by SFA	\$23,214
Amount Paid to SHAPE by SFA	\$28,965
Amount Paid to CRUMP by SFA	\$120,971
Amount Paid to Rain for Rent by SFA	\$14,931
Amount Paid to ARNAUDO by SFA	\$39,000
<hr/>	
Total Paid outside of Auburn Contract by SFA	\$64,407
Total Additional Cost Beyond 2006 Contract (2019 \$)	\$3,168,955
Total Additional Cost Beyond 2006 Contract (2022 \$)	\$3,475,470
1/4 of Additional Cost added to DA Pump Station Cost (rounded)	<u>\$869,000</u>

**Table 6
Watershed 2 Costs**

Item	Unit	Unit Cost	QTY	Item Sub-Total
A. Storm Drain System WS2 (2017 \$)				
54" SD Pipe	LF	\$ 150	1699	\$ 254,850
72" SD Pipe	LF	\$ 220	3347	\$ 736,340
90" SD Pipe	LF	\$ 350	3737	\$ 1,307,950
Manholes	EA	\$ 5,000	33	\$ 165,000
SD Pump Station for WS2 (1/4 of total cost)	LS	\$ 1,750,000	1	\$ 1,750,000
CONSTRUCTION SUBTOTAL (2017 \$)				\$ 4,214,140
B. Storm Drain System WS2 Soft Costs (2017 \$)				
Right of Way Acquisition	SF	\$2.00		\$ -
Contingencies		30%		\$ 1,264,242
Design / Plan Check / Bonding / Staking Inspection		20%		\$ 842,828
SOFT COST SUBTOTAL (2017 \$)				\$ 2,107,070
C. Storm Drain System WS2 (2021 \$)				
Saddle Type Manhole	EA	\$ 15,000	6	\$ 90,000
72" RCP Storm Drain Pipe	LF	\$ 330	3321	\$ 1,095,930
Storm Drain Manifold Structure	EA	\$ 30,000	2	\$ 60,000
90" RCP Storm Drain Pipe	LF	\$ 500	98	\$ 49,000
CONSTRUCTION SUBTOTAL (2021 \$)				\$ 1,294,930
<i>TOTAL WS2 CONSTRUCTION AND SOFT COSTS (2017 Dollars) (A+B)</i>				<i>\$ 6,321,210</i>
<i>TOTAL WS2 CONSTRUCTION AND SOFT COSTS (2021 Dollars) (C)</i>				<i>\$ 1,294,930</i>
<i>TOTAL WS2 (2022 Dollars)</i>				<i>\$ 8,868,508</i>
<i>1/4 of Additional Costs For Pump Station</i>				<i>\$ 869,000</i>
TOTAL WS2:				\$ 9,737,508

Source: MacKay & Soms; Goodwin Consulting Group

WATERSHED 2 FEE SERVICE AREA

WS 2 has 160.7 total net acres; ownership and acreage for each parcel are shown in Table 1 of Appendix A. The total net acreage excludes parcels that are owned by the City, an area zoned as a future park, and estimated acreage of public roads. The area is planned for variable and high density residential and office/commercial.

WS 2 FEE

The WS 2 Fee was calculated on a per-developable acre basis by dividing the total cost of WS 2, \$9,737,508, by the 160.7 net acreage in the Watershed 2. This calculation results in a per-acre fee of \$60,579. This fee was then allocated to the anticipated land uses in WS 2 based on the acreage planned for Single-Family, Multi-Family, and Non-Residential Land Uses, and a per-unit fee was calculated for the residential land uses based on the expected density of development. Table 7 below shows the allocation of the per-acre fee to the various land uses.

**Table 7
Watershed 2 Fee Allocation to Estimated Land Uses**

Land Use	Net Acreage	% of Net Acreage	Allocated Cost	Density (Units/Acre)	Estimated Number of Units	Fee per Unit/Acre
	<u>per Unit</u>	<u>per Unit</u>				<u>per Unit</u>
Single-Family	43.19	26.87%	\$2,616,401	6.3	271	\$9,655
Multi-Family	13.65	8.49%	\$826,902	18.0	246	\$3,361
	<u>per Acre</u>	<u>per Acre</u>				<u>per Acre</u>
Non-Residential	103.90	64.64%	\$6,294,205	N/A	N/A	\$60,579
Total	160.74	100.00%	\$9,737,508		517	

Sources: MacKay & Somps; City of Lathrop

5. STORM DRAINAGE SYSTEM IMPROVEMENTS – WATERSHED 4 CFF

This section of the report identifies the land acreage, costs, and the CFF rate required to fund the reimbursement of storm drainage infrastructure costs for Watershed 4.

WATERSHED 4 FACILITIES AND COSTS

Storm drain system improvements for WS 4 were constructed by the Prior Developer and/or Saybrook and consist of various size pipelines, manholes, one quarter of the total pump station cost and costs associated with right-of-way acquisition, contingencies, and design, plan check, bonding, staking, and inspection. The original facilities cost was \$5,286,045 in 2017; but the City identified additional facilities totaling \$899,130 in 2021. These costs were inflated using the ENR 20-City CCI to \$7,221,006 in 2022 dollars. Additionally, one quarter of a pump station's costs, equal to \$869,000, was added to the cost. Table 8 on the following page details the total cost of WS 4 facilities is \$8,090,006.

**Table 8
Watershed 4 Costs**

Item	Unit	Unit Cost	QTY	Item Sub-Total
A. Storm Drain System WS4 (2017 \$)				
54" SD Pipe	LF	\$ 150	457	\$ 68,550
60" SD Pipe	LF	\$ 175	270	\$ 47,250
72" SD Pipe	LF	\$ 220	3839	\$ 844,580
84" SD Pipe	LF	\$ 280	640	\$ 179,200
90" SD Pipe	LF	\$ 350	1627	\$ 569,450
Manholes	EA	\$ 5,000	13	\$ 65,000
SD Pump Station for WS4 (1/4 of total cost)	LS	\$ 1,750,000	1	\$ 1,750,000
CONSTRUCTION SUBTOTAL (2017 \$)				\$ 3,524,030
B. Storm Drain System WS4 Soft Costs (2017 \$)				
Right of Way Acquisition	SF	\$2.00		\$ -
Contingencies		30%		\$ 1,057,209.00
Design / Plan Check / Bonding / Staking Inspection		20%		\$ 704,806.00
SOFT COST SUBTOTAL (2017 \$)				\$ 1,762,015
C. Storm Drain System WS4 (2021 \$)				
Saddle Type Manhole	EA	\$ 15,000	6	\$ 90,000
72" RCP Storm Drain Pipe	LF	\$ 330	2361	\$ 779,130
Storm Drain Manifold Structure	EA	\$ 30,000	1	\$ 30,000
CONSTRUCTION SUBTOTAL (2021 \$)				\$ 899,130
<i>TOTAL WS4 CONSTRUCTION AND SOFT COSTS (2017 Dollars) (A+B)</i>				<i>\$ 5,286,045</i>
<i>TOTAL WS4 CONSTRUCTION AND SOFT COSTS (2021 Dollars) (C)</i>				<i>\$ 899,130</i>
<i>TOTAL WS4 (2022 Dollars)</i>				<i>\$ 7,221,006</i>
<i>1/4 of Additional Costs For Pump Station</i>				<i>\$ 869,000</i>
TOTAL WS4:				\$ 8,090,006

Source: MacKay & Somps; Goodwin Consulting Group

WATERSHED 4 FEE SERVICE AREA

WS 4 has 178.5 total net acres; ownership and acreage for each parcel are shown in Table 1 in Appendix A. The total net acreage excludes parcels that are owned by the City, a parcel zoned as a future park, and estimated acreage of public roads. The area is planned for office/commercial.

WS 4 FEE

The WS 4 Fee was calculated on a per-developable acre basis by dividing the total cost of WS 4, \$8,090,006, by the 178.5 net acreage in the Watershed 4. This calculation results in a per-acre fee of \$45,322.

WS 2 AND WS 4 BOUNDARIES

Exhibit 2 on the following pages shows the boundaries of WS2 and WS 4.

Exhibit 2 – WS 2 and WS 4 Boundaries

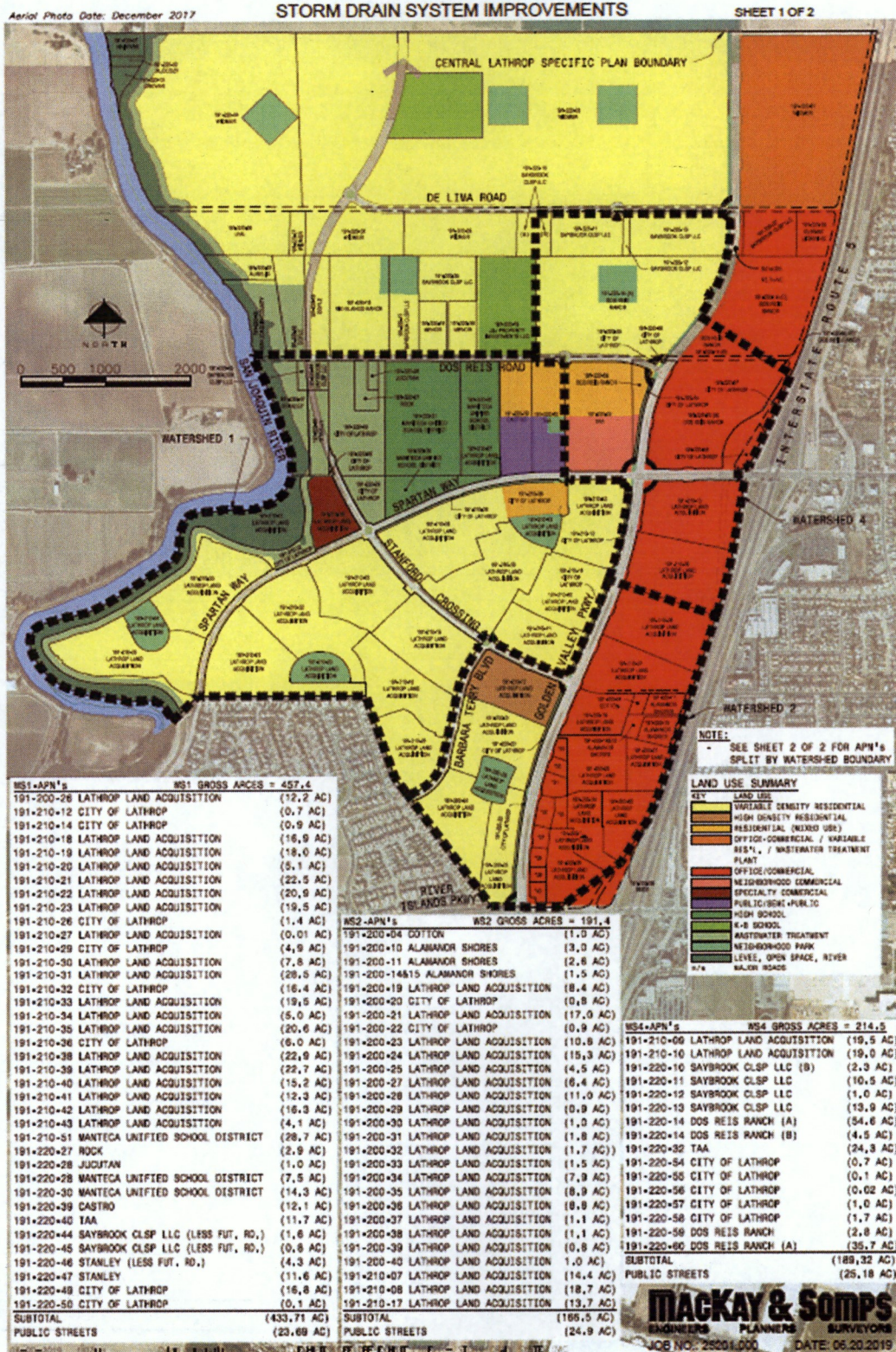
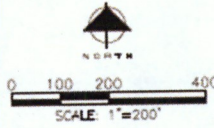
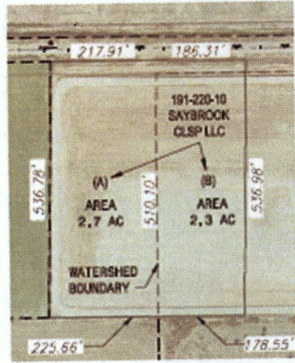


Exhibit 2 – WS 2 and WS 4 Boundaries (Continued)

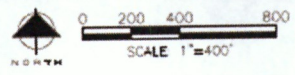
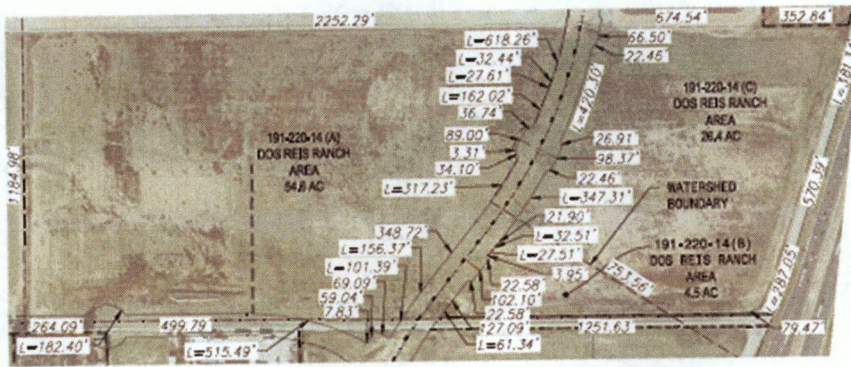
Aerial Photo Date: December 2017

STORM DRAIN SYSTEM IMPROVEMENTS

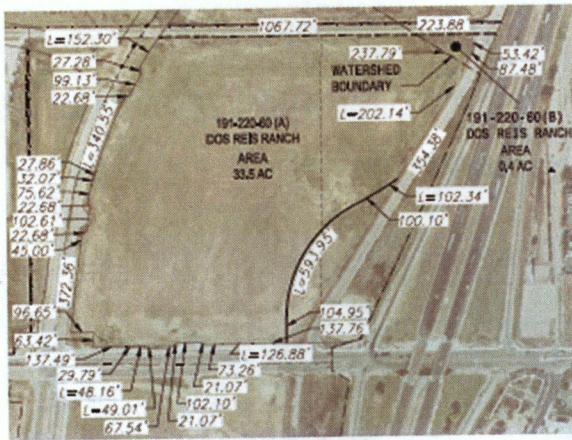
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191-220-10



191-220-14



191-220-60

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JOB NO.: 25201.000 DATE: 06.20.2019

06-20-2019 10:11 AM 191-220-10 191-220-14 191-220-60 EXHIBIT (PDF) - TOWN OF LATHROP

6. WATER SYSTEM IMPROVEMENTS – WATER TANK #1 CFF

This section of the report identifies the land acreage, costs, and the CFF rates required to fund the reimbursement of Water Tank #1 costs.

WATER TANK #1 FACILITIES AND COSTS

Water Tank #1 was constructed by Saybrook and consists of the water tank, site improvements, and other equipment for Water Tank #1. The total cost was \$4,774,309 in 2021. This cost was inflated using the ENR 20-City CCI to \$5,071,773 in 2022 dollars. Table 9 below shows a summary of Water Tank #1 costs.

**Table 9
Summary of Water Tank #1 Costs**

Item	Cost
A. SITEWORK/GRADING/PAVING	\$ 1,089,500
B. YARD PIPING	\$ 455,000
C. 1.6 MG STEEL RESERVOIR	\$ 859,000
D. CONCRETE FOUNDATIONS	\$ 297,000
E. BUILDING CONSTRUCTION	\$ 483,000
F. MECHANICAL WORK	\$ 545,000
G. HYDROPNEUMATIC TANK SYSTEM	\$ 150,000
H. CHEMICAL FEED SYSTEM	\$ 23,000
I. OWNER SUPPLIED GENERATOR	\$ 17,000
J1. INSTRUMENTS/POWER/CONTROL	\$ 409,000
J2. ELECTRICAL INSTALLATION	\$ 250,000
K. CHANGE ORDERS	\$ 196,809
<i>TOTAL WATER TANK #1 COSTS (2021 Dollars) (A-K)</i>	\$ 4,774,309
<i>TOTAL WATER TANK #1 COSTS (2022 Dollars)</i>	\$ 5,071,773
TOTAL WATER TANK #1:	\$ 5,071,773

Source: MacKay & Soms; Goodwin Consulting Group

WATER TANK #1 SERVICE AREA

The Water Tank #1 service area covers approximately 500 acres within the CLSP area. The Water Tank #1 service area is planned for variable density residential, mixed-use residential, neighborhood commercial, and office/commercial. More specifically, the development plan includes 1,610 single-family units, 274 multi-family units, and 133.7 net acres of land for non-residential uses.

WATER TANK #1 FEE

The Water Tank #1 Fee was calculated on a per-unit and per-developable acre basis by dividing the total cost of Water Tank #1, (\$5,071,773), by the total expected average water demand in the area, 938,720 gallons per day. This produces a total cost which is then allocated to the various land use types in the area based on their relative average demand for water. This calculation results in a fee of \$2,323 per single-family unit, \$1,432 per multi-family unit, and \$7,024 per non-residential net acre. Table 10 below shows the calculation of the Water Tank #1 Fee.

**Table 10
Water Tank #1 Fee**

Tank #1 Total Cost (2022 \$)		\$5,071,773				
Land Use	Estimated Number of Units/Acres ¹	Average Day Demand Factor (Gallons/Day)	Total Est. Demand (Gallons/Day)	% of Total Demand	Allocated Cost	Fee per Unit/Acre
	<u>per Unit</u>	<u>per Unit</u>				<u>per Unit</u>
Single-Family	1,610	430	692,300	73.75%	\$3,740,400	\$2,323
Multi-Family	274	265	72,610	7.74%	\$392,302	\$1,432
	<u>per Acre</u>	<u>per Acre</u>				<u>per Acre</u>
Non-Residential	133.7	1300	173,810	18.52%	\$939,071	\$7,024
Total			938,720	100.00%	\$5,071,773	

1. As shown on Stanford Crossing - Water Tank #1 - Development Area Exhibit dated 4/20/2018. Single-Family category includes LDR and MDR zoning designations.

Sources: MacKay & Somps; City of Lathrop

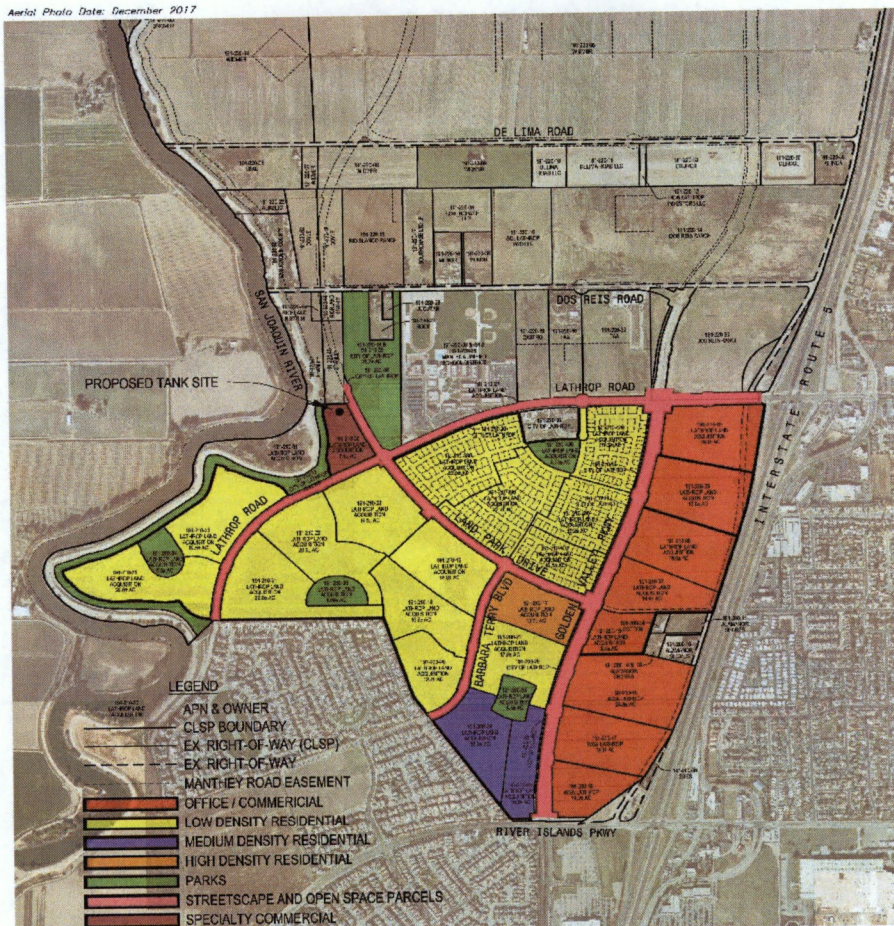
WATER TANK #1 AREA BOUNDARIES

The colored areas shown in Exhibit 3 below identify the parcels, and their expected land uses, in the Water Tank #1 service area as well as the boundaries of the service area.

Exhibit 3 – Water Tank #1 Service Area Boundaries

STANFORD CROSSING - WATER TANK #1 - DEVELOPMENT AREA EXHIBIT

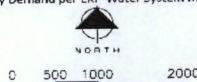
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04.20.2018



Map/Tract	DU
Tract 3647 Tentative Map	801 DU
LDR	239 DU
MDR	423 DU
Tract 3789 Tentative Map	423 DU
LDR	274 DU
Future HDR [191-210-17]	274 DU
HDR	103 DU
(Assumes 20du/ac over 13.7ac)	
Tract 3967 (Former K8) Draft Tentative Map	103 DU
LDR	44 DU
SPC [191-210-30]	
Proposed LDR	44 DU
(assumes 5.7 du/ac over 7.8ac)	

Land Use	# of DU OR Acres	*Average Day Demand factor (gpd/du or gpd/AC)	Average Day Demand (Gallons)
LDR	1371 DU	430	589530 GPD
MDR	239 DU	330	78870 GPD
HDR	274 DU	265	72610 GPD
Office/Commercial	133.7 AC	1300	173810 GPD
Parks	56.8 AC	3500	198800 GPD
Streetscape	23.8 AC	3500	83300 GPD
TOTAL:			1196920 GPD
			1.19692 MGD

*Note: Average Day Demand per EKI "Water System Master Plan" dated January 2018 Table 4-4



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JOB NO. 25201.000 DATE: 04.20.2018

7. NEXUS FINDINGS

Development in the CLSP will create a need for public facilities. The CFF program will provide funding for public facilities in accordance with the policies and goals set forth by the City. As required pursuant to the Mitigation Fee Act, the CFFs calculated in this Fee Study meet the nexus requirements of the law, as outlined below.

NEXUS TEST

Purpose of the Fees

The purpose of the CFF fees is to provide funding for the storm drainage system and water system infrastructure identified in this Fee Study.

Use of Fee

CFF revenue will be used to fund storm drainage infrastructure and water storage infrastructure that has been identified by the City as necessary to serve new development in the CLSP.

Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

Residential and non-residential development will generate additional demand for the infrastructure and facilities identified in this Fee Study. The facilities, infrastructure improvements, and capacity enhancements included in this Fee Study will ensure that the City will maintain the desired level of service standards that are identified for the facility categories included in this Fee Study.

Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

CFF revenue collected will reimburse the Developer for the storm drainage and water storage facilities that have already been constructed and oversized for other development. These facilities will serve development in the CLSP and the proposed fees in this Fee Study are a fair share cost allocation based on the impact that future development will have on these facilities and improvements. Separate CFF accounts will be established to ensure that fee revenue is applied to the infrastructure and facilities for which it is collected.

Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

A reasonable relationship between the amount of each CFF and the cost of the public facility, or portion thereof, is established in this Fee Study through the proportionate allocation of costs based on the amount of developable acreage. As a result, each property is allocated its fair share of the cost based on its impact.

By assigning the demand for infrastructure and facilities based on the developable acreage of each parcel and quantifying that demand in the calculation of the CFFs, a reasonable relationship is established between the amount of the fee and the cost of the facilities attributable to properties in the CLSP area.

AB 602 AND RESIDENTIAL CFF RATES

WS 2 and WS 4 CFF

The City's current residential WS 2 and WS 4 CFFs, as well as the proposed CFFs in this Fee Study, are based on the size of the parcels of single family and multifamily lots. By linking the parcel size of future residential development and the cost of the future drainage facilities needed, a reasonable relationship can be established between the impact of each type of development and the portion of the cost of future drainage facilities attributed to each development type. The portion of the cost of the future drainage facilities attributed to each residential unit of development can then be used to determine the fee per single family and multifamily unit. However, AB 602, Section 66016.5(a)(5)(A) of the Government Code (GC), states that,

“A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units of the development...”

The AB 602 goes on to further state that a nexus study does not need to comply with Section (A) above if the local agency makes a finding that includes all of the following:

- (i) An explanation as to why the square footage is not an appropriate metric to calculate fees imposed on a housing development.
- (ii) An explanation that an alternative basis of calculating the fee bears a reasonable relationship between the fee charged and the burden posed by the development.
- (iii) That other policies in the fee structure support smaller developments, or otherwise ensure that smaller developments are not charged disproportionate fees.

The City's engineering staff has concluded that using the parcel size of residential land uses to allocate storm drainage facilities costs provides a sound methodology of establishing a reasonable relationship between the WS 2 and WS 4 CFFs and the burden posed by development because storm water runoff is directly related to the size of the property. For example, the larger the land area of a parcel, the more storm water runoff will be created by the parcel and visa versa. However, the residential building square footage does not have a direct relationship to the amount of runoff that is created and therefore it is not an appropriate metric to calculate the WS 2 and WS 4 CFFs.

To address item (iii) above, the CFFs proposed in this Fee Study ensures that smaller developments will pay their proportionate fair share of fees since the CFFs are based on the size of the land area. As a result, smaller developments will have less land area and therefore pay proportionately less in fees.

Water Tank #1 CFF

The proposed Water Tank #1 CFFs are based on the estimated water demand, in terms of average gallons per day, of single family and multifamily lots. By linking the water demand of future residential development and the cost of the water facility needed, a reasonable relationship can be established between the impact of each type of development and the portion of the cost of future water tank facility attributed to each development type. The portion of the cost of the water tank facility attributed to each residential unit of development can then be used to determine the fee per single family and multifamily unit.

However, AB 602 states that the fees must be proportionate to the square footage of the residential units of the development unless an alternative basis of calculating the fee bears a reasonable relationship between the fee charged and the burden posed by the development.

The City's engineering staff has concluded that using the water demand of residential uses, as determined in technical engineering studies, to allocate water facilities costs provides a sound methodology for establishing a reasonable relationship between the water CFFs and the burden posed by residential development because the water usage of various development types determines the size of water facilities. However, the residential building square footage does not have a direct relationship to the amount of water demand for residential buildings and therefore is not an appropriate metric to calculate the Water Tank #1 CFF.

The Water Tank #1 CFFs proposed in this Fee Study ensure that smaller developments will pay their proportionate fair share of fees since the CFFs are based on the water demand. Smaller developments will have a smaller water demand and therefore pay proportionately less in fees.

8. FEE SUMMARY

FEE SCHEDULE

Table 11 below summarizes the proposed CLSP Fees and identifies the areas that will be subject to the fees.

The WS 2 Fee is \$9,655 per single-family unit (including both LDR and MDR zoning designations), \$3,361 per multi-family unit (including the HDR zoning designation), and \$60,579 per non-residential net acre. The WS 2 Fee will be levied only in the Watershed 2 area. Because Saybrook and/or the Prior Developer funded these costs, Saybrook will receive its choice of fee credits or reimbursement for its development in the WS 2 area.

The WS 4 Fee is \$45,322 per net acre of development and will be levied only in the Watershed 4 area. Because Saybrook and/or the Prior Developer funded these costs, Saybrook will receive its choice of fee credits or reimbursement for its development in the WS 4 area.

The Water Tank #1 Fee is \$2,323 per single-family unit (including both LDR and MDR zoning designations), \$1,432 per multi-family unit (including the HDR zoning designation), and \$7,024 per non-residential net acre. The Water Tank #1 Fee will be levied only in the Water Tank #1 CFF area. Because Saybrook and/or the Prior Developer funded these costs, Saybrook will receive its choice of fee credits or reimbursement for its development in the Water Tank #1 area.

Table 11 - CLSP Fee Summary

Reimbursable Item	Fee Per Single-Family Unit	Fee Per Multi-Family Unit	Fee Per Non-Residential Acre
1 Storm Drain System Improvements - Watershed #2 Fee	\$9,655	\$3,361	\$60,579
2 Storm Drain System Improvements - Watershed #4 Fee	na	na	\$45,322
3 Water Tank #1 Fee	\$2,323	\$1,432	\$7,024
Total			

AB 602

Table 11 shows that the proposed WS 2 and WS 4 CFFs shown in Table 11 are higher than the City's current WS 2 and WS 4 CFFs. Pursuant to AB 602, if a fee study supports the increase of an existing fee, the local agency shall review the assumptions of the fee study supporting the original fee and evaluate the amount of fees collected under the original fee.

This Fee Study and City staff support increasing the original WS 2 and WS 4 Fees that were adopted by the Lathrop City Council in June 2019 because additional storm drainage pipes and related pipe facilities were required to complete the storm drainage systems in these two water sheds. The City identified these additional storm drainage pipes based on improvement and grading plans prepared in 2021 by its engineering consultant Mackay and Soms. The additional CFF revenues resulting from these proposed CFFs will allow the City to reimburse the developer that constructed these facilities.

9. FEE PROGRAM ADMINISTRATION

FEE IMPLEMENTATION

According to the California Government Code, prior to levying a new fee or increasing an existing fee, a public agency must hold at least one open and public meeting; a public notice for this meeting must be posted at least 30 days prior to the meeting. At least 10 days prior to this meeting, the agency must make data on facility costs and funding sources available to the public. Notice of the time and place of the meeting, and a general explanation of the matter, are to be published in accordance with Section 6062a of the Government Code. The Fee Study and fees established herein will be adopted through a City ordinance and resolution. Once the fee program is adopted by the Lathrop City Council, it shall become effective no sooner than sixty days after the final legislative action.

FEE ADJUSTMENTS

The CLSP Fees will be adjusted in future years to reflect revised facility standards, receipt of funding from alternative sources (i.e., state or federal grants), revised costs, or changes in land uses or development plans. In addition to such adjustments, each year the CLSP Fees will be adjusted by the change in the Engineering News Record 20-City CCI over the prior calendar year. This Fee Study adjusted costs in this report based on the ENR 20-City CCI value of 12,481.8 for December 2021.

ASSEMBLY BILL 602

On September 28, 2021, Assembly Bill 602 was signed into law and became effective starting January 1, 2022. The law establishes additional procedural and transparency requirements on public agencies when establishing new fees or increasing existing development impact fees. AB 602 amends Government Code Sections 65940.1 and 66019 and adds Government Code Section 66016.5 and Health and Safety Code Section 50466.5. following are some of the most significant requirements imposed by AB 602:

New Requirements For Nexus Studies

- When applicable, the nexus study shall identify the existing level of service (LOS) for the public facility; identify the proposed new level of service, and explain why the new level of service is appropriate

- If a nexus study supports an increase to existing fee, the public agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fee revenue collected under the original fee
- Large jurisdictions, for example, counties that have a population greater than 250,000 residents, must adopt a capital improvement plan as a part of the nexus study
- Nexus studies adopted after 07/01/22, shall calculate a fee imposed on a housing development that is proportionate to the square footage of the proposed units of the development or the nexus study must make findings that an alternative fee calculation methodology creates a reasonable relationship between the fee charged and the burden posed by the development
- This section of the impact fee requirements does not apply to any fees or charges pursuant to Government Code Section 60013, which includes water and sewer connection fees and capacity charges

New Transparency Requirements For Public Agencies

- Fees must be posted to the public agency's website within 30 days of any change in the fees
- Public agencies must post to their website the current and five previous annual impact fee accounting reports that are required pursuant to Government Code Section 66006
- Public agencies must post to their website all nexus studies, cost of service studies, or equivalent studies that were conducted on or after January 1, 2018

New Nexus Study Procedural Requirements

- Nexus studies must be updated at least every 8 years, from the period beginning on January 1, 2022
- Nexus studies and impact fees must be adopted at a public hearing with at least a 30 day notice (this is an increase from the current 10 days)
- Members of the public may submit evidence that the nexus findings in the nexus study are insufficient; the public agency must consider all such evidence

ANNUAL ADMINISTRATIVE DUTIES

The Government Code requires a public agency to report, every year and every fifth year, certain financial information regarding their impact fees. Within 180 days after the last day of each fiscal year the public agency must make the following information available for the past fiscal year:

- (a) A brief description of the type of fee in the account or fund
- (b) The amount of fee revenue
- (c) The beginning and ending balance of the account or fund
- (d) The amount of fee revenue collected and interest earned
- (e) An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of public improvement that was funded with fees
- (f) An identification of an approximate date by which time construction on the improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement
- (g) A description of each interfund transfer or loan made from the account or fund, when it will be repaid and at what interest rate
- (h) The amount of any refunds made once it is determined that sufficient monies have been collected to fund all projects

The public agency must make this information available for public review and must also present it at the next regularly scheduled public meeting not less than 15 days after this information is made available to the public.

FIFTH-YEAR ADMINISTRATIVE DUTIES

For the fifth year following the first deposit into the fee account and every five years thereafter, the public agency must make the following findings with respect to any remaining funds in the fee accounts:

- (a) Identify the purpose to which the fee is to be put
- (b) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged
- (c) Identify all sources and amounts of funding anticipated to complete financing incomplete improvements
- (d) Designate the approximate dates on which funding is expected to be deposited into the appropriate accounts or funds

As with the annual report, the five-year report must be made public within 180 days after the end of the public agency's fiscal year and must be reviewed at the next regularly scheduled public meeting. The public agency must make these findings; otherwise, the law states that the City must refund the fee revenue to the then current owners of the development project.

Appendix A

Developable Acreage in CLSP Storm Drainage System Watershed Areas 2 and 4

Table A-1
Developable Acreage in CLSP Storm Drainage System Watershed Areas 2 & 4

APN	Watershed	Owner	Parcel Acreage	Net Acreage			Excluded	Total Net Acreage
				Single-Family	Multi-Family	Non-Res.		
192-030-170-000	WS2	Lathrop Land Acquisition	13.65	-	13.65	-	-	13.65
192-040-040-000	WS2	Cotton	0.99	-	-	0.99	-	0.99
192-040-100-000	WS2	Alamanor Shores	3.02	-	-	3.02	-	3.02
192-040-110-000	WS2	Alamanor Shores	2.57	-	-	2.57	-	2.57
192-040-140-000	WS2	Alamanor Shores	1.53	-	-	1.53	-	1.53
192-040-150-000	WS2	Alamanor Shores	0.01	-	-	-	0.01	- ¹
192-040-190-000	WS2	Lathrop Land Acquisition	8.39	-	-	8.39	-	8.39
192-040-200-000	WS2	City of Lathrop	0.85	-	-	-	0.85	- ¹
192-040-210-000	WS2	Lathrop Land Acquisition	17.02	17.02	-	-	-	17.02
192-040-220-000	WS2	City of Lathrop	0.86	-	-	-	0.86	- ¹
192-040-230-000	WS2	Lathrop Land Acquisition	10.84	10.84	-	-	-	10.84
192-040-240-000	WS2	Lathrop Land Acquisition	15.33	15.33	-	-	-	15.33
192-040-250-000	WS2	Lathrop Land Acquisition	4.51	-	-	-	4.51	- ²
192-040-310-000	WS2	Lathrop Land Acquisition	1.80	-	-	1.80	-	1.80
192-040-320-000	WS2	Lathrop Land Acquisition	1.70	-	-	1.70	-	1.70
192-040-330-000	WS2	Lathrop Land Acquisition	1.47	-	-	1.47	-	1.47
192-040-350-000	WS2	Lathrop Land Acquisition	8.86	-	-	8.86	-	8.86
192-040-410-000	WS2	Lathrop Land Acquisition	3.25	-	-	3.25	-	3.25
192-040-420-000	WS2	Westpark Storage	7.83	-	-	7.83	-	7.83
192-040-430-000	WS2	Lathrop Land Acquisition	7.29	-	-	7.29	-	7.29
192-040-440-000	WS2	Lathrop Land Acquisition	0.93	-	-	0.93	-	0.93
192-040-470-000	WS2	Bilal	1.41	-	-	1.41	-	1.41
192-040-480-000	WS2	Bilal	1.01	-	-	1.01	-	1.01
192-040-490-000	WS2	Evergreen Golden Valley & River Islands LLC	0.65	-	-	0.65	-	0.65
192-040-500-000	WS2	Evergreen Golden Valley & River Islands LLC	0.80	-	-	0.80	-	0.80
192-040-510-000	WS2	Khan	2.78	-	-	2.78	-	2.78
192-040-520-000	WS2	Lathrop Land Acquisition	3.05	-	-	3.05	-	3.05
192-040-530-000	WS2	Lathrop Land Acquisition	2.77	-	-	2.77	-	2.77
192-040-540-000	WS2	Lathrop Land Acquisition	0.94	-	-	0.94	-	0.94
192-040-550-000	WS2	Lathrop Land Acquisition	6.35	-	-	6.35	-	6.35
192-040-560-000	WS2	Lathrop Land Acquisition	1.45	-	-	1.45	-	1.45
192-240-030-000	WS2	Lathrop Land Acquisition	14.41	-	-	14.41	-	14.41
192-240-040-000	WS2	Lathrop Land Acquisition	18.65	-	-	18.65	-	18.65
192-020-140-000	WS4	Dos Reis Ranch	89.82	49.60	-	4.50	35.72	54.10 ^{3,4}
192-020-320-000	WS4	Romulo & Purita TAA	24.36	6.09	-	18.27	-	24.36 ³
192-020-540-000	WS4	City of Lathrop	0.72	-	-	-	0.72	- ¹
192-020-550-000	WS4	City of Lathrop	0.10	-	-	-	0.10	- ¹
192-020-560-000	WS4	City of Lathrop	0.02	-	-	-	0.02	- ¹
192-020-570-000	WS4	City of Lathrop	0.98	-	-	-	0.98	- ⁵
192-020-580-000	WS4	City of Lathrop	1.67	-	-	-	1.67	- ⁵
192-020-590-000	WS4	Dos Reis Ranch	2.81	-	-	-	-	-
192-020-600-000	WS4	Dos Reis Ranch	33.86	-	-	33.86	-	33.86
192-020-650-000	WS4	Lathrop Land Acquisition	29.17	27.70	-	-	1.47	27.70 ⁶
192-100-900-000	WS4	City of Lathrop	0.48	-	-	-	0.48	-
192-240-050-000	WS4	Lathrop Land Acquisition	19.49	-	-	19.49	-	19.49
192-240-060-000	WS4	Lathrop Land Acquisition	0.82	-	-	0.82	-	0.82
192-240-070-000	WS4	Lathrop Land Acquisition	1.22	-	-	1.22	-	1.22
192-240-080-000	WS4	Lathrop Land Acquisition	1.10	-	-	1.10	-	1.10
192-240-090-000	WS4	Lathrop Land Acquisition	1.47	-	-	1.47	-	1.47
192-240-100-000	WS4	Lathrop Land Acquisition	1.09	-	-	1.09	-	1.09
192-240-110-000	WS4	Lathrop Land Acquisition	0.53	-	-	0.53	-	0.53
192-240-120-000	WS4	Lathrop Land Acquisition	1.40	-	-	1.40	-	1.40
192-240-130-000	WS4	Lathrop Land Acquisition	3.70	-	-	3.70	-	3.70
192-240-140-000	WS4	Lathrop Land Acquisition	3.00	-	-	3.00	-	3.00
192-240-150-000	WS4	Lathrop Land Acquisition	2.16	-	-	2.16	-	2.16
192-240-160-000	WS4	Lathrop Land Acquisition	1.21	-	-	1.21	-	1.21
192-240-170-000	WS4	Lathrop Land Acquisition	1.29	-	-	1.29	-	1.29
Total			389.44	126.58	13.65	199.01	47.39	339.24
Total WS2			166.97	43.19	13.65	103.90	6.23	160.74
Total WS4			222.47	83.39	-	95.11	41.16	178.50

1. Exempt landscaping/easements.
2. Exempt area planned for a future park.
3. Breakdown of expected land uses is estimated based on plan maps and does not affect the calculation of fees.
4. Exempt acreage includes approx 5 acres planned for a future park, plus future roads and area within the parcel but outside of the Watershed #4 area.
5. Exempt area owned by the City of Lathrop.
6. Exempt acreage includes area within the parcel but outside of the Watershed #4 area

Source: MacKay and Soms; San Joaquin County Assessor's Office; Goodwin Consulting Group

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