

This document serves as a formalized response to the BIA – Riverside Chapter on questions / concerns submitted on November 2, 2022.

## Allocation to New Development:

### 1 Animal Shelter:

- a. The calculation of growth is (new – existing) divided by existing. This is the standard calculation for determining the % of change; hence, why this calculation was utilized, which shows a 43% change. Pg. 19 of the report shows that the total cost is \$3.2 million, and then Pg. 20 of the Impact Fee Report shows that new development (future population) = \$1.4 million only 43% of the costs compared to existing residents (current population) = \$1.8 million is 57%. Based upon pure dollar value new development is paying approximately \$450,000 less than current residents.
- b. The BIA has expressed a 1.76x factor that new development is paying more than existing development. This factor while mathematically accurate does not provide the proportionate requirement needed under the letter of the law. AB1600 and AB602 require that new development pay their 'proportionate' share. The proportionate share is based upon the aggregate cost NOT a per capita cost. Given how per capita costs are calculated mathematically, if one group has a lower population, it results in a higher per capita cost.

#### Example:

**New Development** = \$1.3 million divided by 44,355 future people = \$31 per person

**Existing Development** = \$1.8 million divided by 103,617 current people = \$18 per person

The \$18 per person will be lower because the denominator is roughly 104,000 people compared to 44,000 people.

However, the important thing to note is that the OVERALL expenditures allocated to new development (\$1.4 million) is LESS than the existing development (\$1.8 million). Existing (current) development is paying for a greater share of the infrastructure that is being apportioned to future development.

- c. The bond payment set by SCFA is based upon the usage of the animal shelter. If there is an increased utilization of the animal shelter ( i.e., due to increased population) there is then a potential change / increase in the City's share of the bond payment.

### 2 Storm Drain:

- a. The calculation of growth is (new – existing) divided by existing. This is the standard calculation for determining the % of change; hence, why this calculation was utilized.

- b. The projects identified in the Storm Drain Master Plan are specifically those projects that are needed due to expected build out in those areas. Sub-basins that have no projected growth were not included in the analysis, as there are no projects or costs to be apportioned.
- c. Sub-Basin A\_A accounts for 32% of the growth based upon the number of EDUs that will be added at build-out compared to the existing number of EDUs. The projects identified in sub-basin A\_A are due to expected build-out NOT needs of existing EDUs.
- d. Storm Drain costs have been calculated per EDU rather than per capita as there are no metrics that show current and proposed population broken out by specific sub-basin. Given that sub-basin based population cannot be accurately identified, the per capita calculation cannot be applied. Furthermore, proportionality of infrastructure costs is calculated based on population growth, not EDU or per capita. Once costs have been apportioned to future growth, THEN EDUs are used to determine the per unit fee.
- e. The Storm Drain calculation has been set up based upon a Zone of Benefit calculation, so only those developments pay their proportionate share based upon the specific benefit within that benefit zone. This ensures that one developer does not subsidize other developments.

### **3. General Government, Fire, Police, and Parks & Recreation:**

- a. The existing facilities component is only partially allocated to new development based upon their potential use and benefit from rehabilitation and replacement of those facilities. That rehabilitation and replacement is needed due to new development. For example, if there are improvements to be made to City Hall, that City Hall will service both existing residents and new residents. However, there is a potential need for those improvements is because there is anticipated growth in the community. Therefore, the improvements are borne both by existing and new residents as they both benefit from it.

In the case of Transportation, these projects had already been well established in the previous nexus analysis and had been carried over, hence the specific formula for Transportation. Any projects that had been constructed or completed were removed from the calculation basis, and any cost updates that were needed were also made as appropriate.

- b. For Parks and Recreation, projects were used from the previous Master Plan (2014) that had not been completed/ constructed but not from the previous nexus analysis. The prior nexus analysis from Parks and Recreation included:
  - acreage costs for existing parks (which has not been captured)

- improvement costs for facilities – but specific facilities were not identified – rather just in relation to land improvements
- Lazy Creek Recreation Center and Kay Cenicerros Senior Center – neither of those facilities are included in the current nexus analysis.

The new nexus analysis more clearly and specifically identifies projects that are included to ensure that any future nexus analyses there is no double counting.

## Residential Service Population Weighting (General Government, Fire, and Police)

### Residential Weighting:

- a. Yes, while the weighting is set to equal 1 for numerical purposes the 1 represents 168 hours (24 hours a day x 7 days a week). It is meant only for representative purposes. Residents are considered to be benefiting from the services 'constantly' compared to non-residents.
- b. For the reduction of 168 to 163 hours – what is the basis / reason for the 5 -hour weekly reduction? In order deviate from standard calculations, we would need to document the reason and reasonableness of the change.

### General Government:

- a. Employees can work varied shifts, some industries employees only work 15 –20 hours a week, other industries employees can work 80 hours a week. In the current environment, it can also be argued that many employers while having offices might have hybrid work environments where employees work less than 40 –45 hours a week in the office. As stated, due to this extreme variation in the environment, it is our professional belief that utilizing a standardized 40-hour work week is the most defensible and streamlined approach.
- b. The current standard of  $40/168$  hours = 24% ; whereas the proposed standard is being suggested at  $45/168$  = 27%. This represents a minimal difference of 3%, but does not take into account the proportionate impact of employees on City infrastructure. The purpose of the General Government fee is in relation to infrastructure such as City Hall, Public Works equipment, IT infrastructure, and the corporation yard. These services provide significantly more benefit to residents. Accounting for an employee's lunch hour does not increase the likelihood of their use of City Hall facilities or IT infrastructure. Therefore, the use of 40 hours per

week does not understate their particular utilization or benefit received from those services.

### Fire:

- a. Based on our experience, not only with nexus analysis, but also fire service studies, non-residential call volume of 42% seems reasonable and appropriate. In recent jurisdictions for which we have done impact fee studies, the non-residential call volume for fire has ranged from as low as 25% to a high of 43%.

The 0.84 weighting in the previous nexus analysis was based on 2014 call volume which is almost 8 years ago, hence why updated call volume information was utilized. As such, it cannot be used as the baseline for the comparison.

- b. The call volume data used in this analysis included FY18-19 (Pre-Covid); FY19-20 (75% Pre-Covid only 25% within COVID), and FY20-21 (Mostly COVID). As 1.75 of the 3 years were fully non-COVID and represent more than half the data, we feel that this data is not skewed by COVID. Rather it more appropriately captures the potential impacts and trends of COVID that may be longer lasting.
- c. We would not want to fully exclude COVID years, when doing these studies for other jurisdictions we have encouraged the use of COVID years to ensure that the average is not unfairly skewing in either direction. Typically, three years of information is sufficient. We can work with the Fire Department and see if it is possible to gather (FY16-17 and FY17-18) information (pre-covid) and see if that affects the average percentage. However, as the information comes from CALFire and the County there is no guarantee that this information will be readily available in time to conduct an update.
- d. Again, not knowing the basis of the data for the 2017 study, we cannot speak to its accuracy. The density of non-residential development has already been established based upon updated information specific to Menifee from the Natelson group as provided in the previous response.
- e. Many other jurisdictions may be comfortable utilizing information based off a City of Phoenix staffing analysis. However, Menifee specific information and data is readily available, Therefore, we recommend utilizing the City's specific data and information, as it more provides a more accurate picture of the proportionate impacts borne by each type of land use category.

Lastly, AB602 and AB1600 both encourage the use of city specific data as much as possible with appropriate documentation.

**Police:**

- a. The proportionate impact of Police development is calculated based upon the following formula:

(New Service Population – Old Service Population) divided by Old Service Population. Based upon the weighting of commercial population it shows an expected growth or proportionate is 41%. This 41% is different than Animal Shelter (43%) and / or individual Storm Drain units because it includes the commercial population.

Only this 41% is assigned to new development. This calculation ensures that new development never pays more than existing development as existing development is responsible for 59% of both existing and planned facilities and equipment.

- b. Correct, however, due to the newly formed Police department, and lack of land use categorized data from the Sheriff's office, this is the only Menifee specific data we have. As the Police department works to collect more information this assumption will be re-reviewed.
- c. The 30 additional Tahoes were identified by the Police Department to meet the growing needs of the city by 2045. This is directly due to new development. The Tahoe provision is not one-for-one, it is based upon the additional staffing requirements needed to service new populations at the same level as existing populations. It is not meant to offset current deficits. New development is only paying for 41% of these additional Tahoes requested, existing development will cover the remaining 59% to ensure that there is no potential for new development paying for existing deficiencies.
- d. The planned fleet equipment is again based upon ensuring that current service levels are continued to be provided regardless of impacts related to new development. The per capita calculation will always be skewed due to the mathematical formula (denominator will always be higher for current population so it will result in a lower per capita cost). Similar to the Tahoes this is not a one -

for-one. New development is only paying for 41% of the planned equipment, as existing development will pay the remaining 59%.

- e. The previous study only included a facility because at that time all infrastructure was owned by the Sheriff's office. As the City now owns facilities they should also be included with infrastructure (vehicles and equipment) costs. The inclusion of facilities and infrastructure is not meant to offset existing deficiency, but rather ensure that new development pays for a portion of any infrastructure requirements resulting from the population or development increase. New development is only being allocated 41% of new costs, while 59% is still being borne by existing residents.
- f. As discussed, only a proportionate share (41%) based upon expected growth within the City is being allocated to new development for both existing and planned facilities. Existing development will still bear most (59%) of those costs.