

CITY OF COVINA

Development Impact Fee Study Final Report

March 14, 2024

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Executive Summary

The City of Covina retained NBS Government Finance Group to prepare this study to analyze the impacts of new development on several types of City capital facilities and to calculate impact fees based on that analysis. The methods used in this study are intended to satisfy all legal requirements of the U. S. Constitution, the California Constitution and the California Mitigation Fee Act (Government Code Sections 66000 *et seq.*).

Organization of the Report

Chapter 1 of this report provides an overview of the legal requirements for establishing and imposing such fees, and methods that can be used to calculate impact fees.

Chapter 2 contains data on existing and future development used in this report.

Chapters 3 through 9 analyze the impacts of development on specific types of facilities and calculate impact fees for those facilities. The facilities addressed in this report are listed by chapter below:

- Chapter 3. Park Land and Park Improvements
- Chapter 4. Community and Recreation Center Facilities
- Chapter 5. Library Facilities and Materials
- Chapter 6. General Government Facilities, Vehicles and Equipment
- Chapter 7. Police Department Facilities, Vehicles and Equipment
- Chapter 8. Fire Department Facilities
- Chapter 9. Street Improvements and Traffic Signals

Chapter 10 contains recommendations for adopting and implementing impact fees, including suggested findings to satisfy the requirements of the Mitigation Fee Act.

Appendix A to this report provides a comparison of Covina’s existing and proposed impact fees to the cities of Claremont, Glendora, Monterey Park, San Dimas, San Gabriel and West Covina. The purpose of the comparison is to provide a sense of the regional and/or comparable pricing for impact fees, and to use that information to gauge the impact of recommendations for fee adjustments. It should be noted that comparison to other agencies do not provide information about the cost recovery policies or procedures followed in relation to their impact fees. A “market-based” decision to price services below the maximum impact fee calculation, is the same as making a decision to subsidize that service. Survey efforts are sometimes also non-conclusive for certain fee categories and development types because of varied terminology and approaches to calculating impact fees.

Development Data

Chapter 2 of this report presents estimates of existing development in Covina and a forecast of future development. Covina is a largely built-out city and new development mostly involves infill or intensification and redevelopment, so forecasting future development involves considerable uncertainty. This study includes a forecast of future residential development, but no forecast of future non-residential development. It is important to note that the methods used to calculate impact fees in this report do not depend on forecasts of future development.

Chapter 2 also establishes values for factors such as population per unit, service population per unit, police and fire calls per unit and peak hour vehicle trips per unit that are used in the impact fee calculations.

It is important to note that because of provisions of AB 602 that were incorporated into California law effective in 2022, impact fee categories for residential development in this study are defined in terms of unit size categories, broken down by square footage. Prior to the adoption of AB 602 it was common practice to base residential impact fees on unit type categories (e.g., single-family or multi-family units).

Impact Fee Analysis

The impact fee analysis for each type of facility addressed in this report is presented in a separate chapter. In each case, the relationship, or nexus, between development and the need for a particular type of facility is defined in a way that allows the impact of additional development on facility needs to be quantified.

The impact fees are based only on capital costs for facilities and other capital assets needed to mitigate the impacts of additional development. Impact fees may not be used to pay for maintenance or operations.

Another change brought about by AB 602 is that all of the impact fees calculated in this report are based on the existing level of service, so that the impact fees are set at the level needed to maintain that level of service as additional development occurs. The existing levels of service for the facility types addressed in this report are defined in Chapters 3 through 9 and are discussed in the brief chapter-by-chapter summaries below. Impact fees calculated in this report are shown on page S-5 of this Executive Summary.

The following paragraphs briefly discuss the methods used to calculate impact fees for each of the facility types addressed in this study.

Park Land and Park Improvements. Chapter 3 of this report calculates impact fees for park land acquisition and park improvements. The cost of park maintenance vehicles and equipment is included in the park improvement impact fees.

Impact Fees for Park Land Acquisition. The impact fees for park land acquisition calculated in Chapter 3 apply only to residential development that does not involve a subdivision or parcel map. The City has an existing ordinance (Chapter 16.28 of the Covina Municipal Code) that

requires developers of residential subdivisions to dedicate land for parks or to pay fees in lieu of dedication, as authorized by the Quimby Act. In-lieu fees that would be charged under that chapter may be different from the park impact fees calculated in this report for two reasons: (1) the Quimby Act allows park land dedication requirements and in-lieu fees to be based on a standard of 3.0 acres per thousand residents, while the Mitigation Fee Act requires impact fees to be based on the existing ratio of park acres to population which is lower in Covina; and, (2) the in lieu fees under Chapter 16.28 are based on the fair market value of the land being developed, whereas the park land impact fees calculated in Chapter 3 are based on a standardized cost per acre.

The park land impact fees calculated in Chapter 3 are based on the City's existing ratio of park land to population (acres per capita), and the land cost per acre used in those calculations is based on the estimated cost per acre for park land. The cost per capita for park land acquisition is calculated as the existing acres per capita multiplied by the cost per acre for the Banna Park site. To calculate impact fees, the land cost per capita is multiplied by population per unit for each type of residential development to get an impact fee per unit by development type. Impact fees for park land acquisition do not apply to non-residential development.

Impact Fees for Park Land Improvements. The park improvement impact fees calculated in Chapter 3 are based on the City's existing ratio of park land to population (acres per capita) and the estimated cost per acre for park improvements. The cost of park maintenance vehicles and equipment is incorporated into the park improvement impact fees, but that component represents less than 1% of those fees.

The cost per capita for park improvements is calculated as the existing acres per capita multiplied by the estimated cost per acre for park improvements based on the improvement costs for Banna Park. Then the cost per capita is multiplied by population per unit for each type of residential development to get an impact fee per unit by development type. Impact fees for park improvements do not apply to non-residential development.

The impact fees calculated in this report for park land and park improvements are shown in Table S.1 on page S-5.

Community and Recreation Center Facilities. Chapter 4 of this report calculates impact fees for community and recreation center facilities including the aquatic center, other community and recreation centers and the Parks and Recreation Department office.

The impact fees are based on the City's existing level of service for these facilities which is defined as the relationship between the existing population and the replacement cost of existing community and recreation center facilities. That relationship is stated as a cost per capita. The impact fees for community and recreation center facilities are calculated as the cost per capita multiplied by the population per unit for each type of residential development. The impact fees for community and recreation center facilities do not apply to non-residential development.

The impact fees calculated in this report for community and recreation center facilities are shown in Table S.1 on page S-5.

Library Facilities and Materials. Chapter 5 of this report calculates impact fees for library facilities and materials.

The Library impact fees are based on the City's existing level of service which is defined as the relationship between the existing population and the replacement cost of existing Library facilities and materials. That relationship is stated as a cost per capita. The impact fees are calculated as the cost per capita multiplied by the population per unit for each type of residential development. The impact fees for Library facilities and materials do not apply to non-residential development.

The impact fees for Library facilities and Library materials are calculated separately in Chapter 5, but they are shown as a combined fee in Table S.1 on page S-5.

General Government Facilities. Chapter 6 of this report calculates impact fees for general government facilities including City Hall, the City Yard facilities and the Civic Center Parking Structure. Those impact fees also include the cost of vehicles and equipment assigned to general government departments, most of which belong to Public Works.

The impact fees are based on the City's existing level of service for these facilities which is defined as the relationship between the existing service population and the replacement cost of the existing facilities. That relationship is stated as a cost per capita of service population. The impact fees for general government facilities are calculated as the cost per capita of service population multiplied by the service population per unit for each type of development. The impact fees for community and recreation center apply to both residential and non-residential development.

The impact fees calculated in this report for general government facilities are shown in Table S.1 on page S-5.

Police Department Facilities. Chapter 7 calculates impact fees for Police Department facilities and vehicles based on the existing level of service in the City. The existing level of service is defined as the relationship between the replacement cost of existing Police Department facilities, vehicles and equipment and the number of calls for service per year received by the Department. That relationship is stated as a cost per call for service per year.

As part of this study, NBS analyzed the distribution of Police Department calls for service for a full year to determine the average number of calls per unit per year generated by different types of development. The impact fee per unit for each type of development is calculated by multiplying the cost per call and the number of calls per unit per year for each type of development. Police impact fees are intended to apply to all types of new development in the City.

The impact fees calculated in this report for Police Department facilities are shown in Table S.1 on page S-5.

Fire Department Facilities. Chapter 8 calculates impact fees for Covina's Fire Department facilities, based on the existing level of service in the City. The cost of firefighting apparatus and

vehicles used by the department are not included in the impact fee calculations because the Los Angeles County Fire Department provides those assets under its contract with the City. The existing level of service is defined as the relationship between the replacement cost of existing Fire Department capital facilities and the number of calls for service per year received by the Fire Department. That relationship is stated as a cost per call for service per year.

As part of this study, NBS analyzed the distribution of Fire Department calls for service for a full year to determine the average number of calls per unit per year generated by different types of development. The impact fee per unit for each type of development is calculated by multiplying the cost per call by the number of calls per unit per year for each type of development. Fire protection impact fees are intended to apply to all types of new development in the City.

The impact fees calculated in this report for Fire Department facilities are shown in Table S.1 below.

Street Improvements and Traffic Signals. Chapter 9 calculates impact fees for street improvements and traffic signals based on the existing level of service in the City. The existing level of service is defined as the relationship between the replacement cost of existing arterial and collector streets and traffic signals and the number of peak hour vehicle trips per day generated by existing development in the City. That relationship is stated as a cost per peak hour trip. The impact fee per unit for each type of development is calculated by multiplying the cost per peak hour trip by the number of peak hour trips per unit for each type of development. Those impact fees are intended to apply to all types of new development in the City.

Impact fees for street improvements and traffic signals are calculated separately and are shown in Table S.1 below.

Use of the Fees

Revenue from impact fees calculated in this report will be used in accordance with the City of Covina Capital Improvement Plan (CIP). That plan will be considered and adopted concurrently with consideration and adoption of the impact fees calculated in this report.

Impact Fee Summary

Table S.1 on the next page summarizes the impact fees calculated in this report. This study calculates impact fees for the Public/Quasi-Public development category so that the impact of that development is accounted for in the fee calculations. However, those fees are not shown in the following tables because the City lacks authority to impose those fees on public schools or on projects constructed by other governmental entities.

For development projects that do not fit well into one of the development type categories defined in this study, Table S.1 shows how impact fees can be tailored to the actual impact of such projects using inputs such as number of employees, police calls per year, fire calls per year, and p.m. peak hour vehicle trips per weekday.

Trip data can be found in the Institute of Transportation Engineers (ITE) manual titled *Trip Generation*, which is commonly used by transportation planners and traffic engineers. The other inputs to the model must be estimated from project-specific data. Employees per unit can best be provided by the applicant. Police and fire calls per unit per year can be estimated by using call data for existing projects of a similar nature in the City. This study used a spreadsheet listing all police and fire calls for service for a one-year period, and when those calls are sorted by address it is relatively easy to determine the number of calls per year to the addresses of existing facilities. Then, the number of calls per year can be divided by the number of units (KSF) at an address to get calls per unit per year, which can then be multiplied by the number of units in the project.

Table S.1: Summary of Proposed Impact Fees

Development Type	Unit Type ¹	Park Land	Park Imprv	Com/Rec Centers	Library	General Gov't	Police	Fire	Streets	Traffic Signals	Total
Residential: <600 Sq. Ft.	DU	\$ 1,231	\$ 820	\$ 316	\$ 432	\$ 387	\$ 349	\$ 160	\$ 5,702	\$ 659	\$ 10,056
Residential: 600-800 Sq. Ft.	DU	\$ 1,661	\$ 1,107	\$ 427	\$ 583	\$ 523	\$ 369	\$ 231	\$ 7,257	\$ 838	\$ 12,997
Residential: >800-1,200 Sq. Ft.	DU	\$ 2,769	\$ 1,846	\$ 712	\$ 971	\$ 871	\$ 389	\$ 302	\$ 9,072	\$ 1,048	\$ 17,979
Residential: >1,200-1,900 Sq. Ft.	DU	\$ 4,368	\$ 2,912	\$ 1,124	\$ 1,533	\$ 1,374	\$ 409	\$ 373	\$ 11,015	\$ 1,272	\$ 24,381
Residential: >1,900-2,300 Sq. Ft.	DU	\$ 5,845	\$ 3,896	\$ 1,503	\$ 2,051	\$ 1,839	\$ 429	\$ 445	\$ 12,830	\$ 1,482	\$ 30,319
Residential: >2,300 Sq. Ft.	DU	\$ 7,075	\$ 4,717	\$ 1,820	\$ 2,482	\$ 2,226	\$ 449	\$ 516	\$ 14,255	\$ 1,646	\$ 35,187
Commercial	KSF					\$ 859	\$ 1,983	\$ 498	\$ 29,625	\$ 3,422	\$ 36,387
Office	KSF					\$ 627	\$ 160	\$ 178	\$ 14,903	\$ 1,721	\$ 17,589
Industrial	KSF					\$ 228	\$ 83	\$ 124	\$ 5,313	\$ 614	\$ 6,363
Other development that does not fit any of the categories above						\$388 X No. of Empl. X 0.54	\$401 per call per Year	\$1,778 per call per year	\$12,959 per peak hour trip	\$1,497 per peak hour trip	

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area

Table S.2 shows the proposed impact fees from Table S.1 with the addition of a 0.6% administrative fee. That percentage is intended to cover the cost of preparing a \$50,000 impact fee update study every eight years as required by the Mitigation Fee Act, and is calculated by dividing the average annual study costs (50,000 / 8 = \$6,250) by the average annual revenue (\$29,827,038 / 30 years = \$994,235). The annual revenue number assumes the revenue projected in this report is received over 30 years. The administrative fee percentage is calculated as \$6,250 / \$994,235 = 0.006 or 0.6%.

As part of the process of adopting the impact fees, the City Council can decide whether or not to add the administrative fee to the impact fees so that impact fee revenue can be used to pay for future impact fee studies.

Table S.2: Summary of Proposed Impact Fees including a 0.6% Administrative Charge

Development Type	Unit Type ¹	Park Land	Park Imprv	Com/Rec Centers	Library	General Gov't	Police	Fire	Streets	Traffic Signals	Total
Residential: <600 Sq. Ft.	DU	\$ 1,238	\$ 825	\$ 318	\$ 434	\$ 389	\$ 351	\$ 161	\$ 5,736	\$ 663	\$ 10,116
Residential: 600-800 Sq. Ft.	DU	\$ 1,671	\$ 1,114	\$ 430	\$ 586	\$ 526	\$ 371	\$ 233	\$ 7,301	\$ 843	\$ 13,075
Residential: >800-1,200 Sq. Ft.	DU	\$ 2,785	\$ 1,857	\$ 716	\$ 977	\$ 876	\$ 391	\$ 304	\$ 9,126	\$ 1,054	\$ 18,087
Residential: >1,200-1,900 Sq. Ft.	DU	\$ 4,394	\$ 2,930	\$ 1,130	\$ 1,542	\$ 1,383	\$ 411	\$ 376	\$ 11,082	\$ 1,280	\$ 24,527
Residential: >1,900-2,300 Sq. Ft.	DU	\$ 5,880	\$ 3,920	\$ 1,512	\$ 2,063	\$ 1,850	\$ 432	\$ 447	\$ 12,907	\$ 1,491	\$ 30,501
Residential: >2,300 Sq. Ft.	DU	\$ 7,118	\$ 4,745	\$ 1,831	\$ 2,497	\$ 2,239	\$ 452	\$ 519	\$ 14,341	\$ 1,656	\$ 35,398
Commercial	KSF					\$ 865	\$ 1,995	\$ 501	\$ 29,803	\$ 3,442	\$ 36,606
Office	KSF					\$ 631	\$ 161	\$ 179	\$ 14,993	\$ 1,732	\$ 17,695
Industrial	KSF					\$ 230	\$ 83	\$ 125	\$ 5,345	\$ 617	\$ 6,401
Other development that does not fit any of the categories above						\$390 X No. of Empl. X 0.54	\$403 per call per Year	\$1,789 per call per year	\$13,037 per peak hour trip	\$1,506 per peak hour trip	

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area

Table S.3 shows the City’s existing impact fees. Those impact fees were adopted in 2005 and have not been increased since that time. Because of the differences between the residential development categories used in this study and those used for the City’s existing fees, the impact fees shown in Table S.3 for the three smallest unit size categories are the existing multi-family unit impact fees, and the impact fees shown for the three largest unit size categories are the existing single-family unit impact fees.

Also, while the resolution adopting the City’s existing impact fees combined the impact fees for park land, park improvements and recreation facilities into a single fee and the impact fees for street improvements and traffic signals into a single fee, Table S.3 breaks those fees out as they were originally calculated in a 2005 study. These impact fees have not been updated since they were adopted in November 2005.

Table S.3: Summary of Existing Impact Fees

Development Type	Unit Type ¹	Park Land	Park Imprv	Com/Rec Centers	Library	General Gov't	Police	Fire	Streets	Traffic Signals	Total
Residential: <600 Sq. Ft.	DU	\$ 3,457	\$ 692	\$ 610	\$ 498	\$ 794	\$ 737	\$ 353	\$ 1,748	\$ 119	\$ 9,008
Residential: 600-800 Sq. Ft.	DU	\$ 3,457	\$ 692	\$ 610	\$ 498	\$ 794	\$ 737	\$ 353	\$ 1,748	\$ 119	\$ 9,008
Residential: >800-1,200 Sq. Ft.	DU	\$ 3,457	\$ 692	\$ 610	\$ 498	\$ 794	\$ 737	\$ 353	\$ 1,748	\$ 119	\$ 9,008
Residential: >1,200-1,900 Sq. Ft.	DU	\$ 4,483	\$ 897	\$ 792	\$ 646	\$ 1,028	\$ 956	\$ 458	\$ 2,185	\$ 149	\$ 11,594
Residential: >1,900-2,300 Sq. Ft.	DU	\$ 4,483	\$ 897	\$ 792	\$ 646	\$ 1,028	\$ 956	\$ 458	\$ 2,185	\$ 149	\$ 11,594
Residential: >2,300 Sq. Ft.	DU	\$ 4,483	\$ 897	\$ 792	\$ 646	\$ 1,028	\$ 956	\$ 458	\$ 2,185	\$ 149	\$ 11,594
Commercial	KSF					\$ 192	\$ 177	\$ 85	\$ 5,428	\$ 371	\$ 6,253
Office	KSF					\$ 255	\$ 237	\$ 113	\$ 4,789	\$ 327	\$ 5,721
Industrial	KSF					\$ 128	\$ 118	\$ 57	\$ 1,750	\$ 120	\$ 2,173

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area

Table S.4 shows the difference between the existing impact fees in Table S.3 and the proposed impact fees including the administrative fee in Table S.2. Numbers in parentheses indicate that the proposed fees are lower than the existing fees.

Table S.4: Difference Between Existing Impact Fees and Proposed Impact Fees

Development Type	Unit Type ¹	Park Land	Park Imprv	Com/Rec Centers	Library	General Gov't	Police	Fire	Streets	Traffic Signals	Total
Residential: <600 Sq. Ft.	DU	\$(2,219)	\$ 133	\$ (292)	\$ (64)	\$ (405)	\$ (386)	\$ (192)	\$ 3,989	\$ 543	\$ 1,108
Residential: 600-800 Sq. Ft.	DU	\$(1,786)	\$ 422	\$ (180)	\$ 88	\$ (268)	\$ (366)	\$ (120)	\$ 5,553	\$ 724	\$ 4,067
Residential: >800-1,200 Sq. Ft.	DU	\$ (672)	\$1,165	\$ 106	\$ 479	\$ 82	\$ (346)	\$ (49)	\$ 7,378	\$ 935	\$ 9,079
Residential: >1,200-1,900 Sq. Ft.	DU	\$ (89)	\$2,033	\$ 338	\$ 896	\$ 355	\$ (545)	\$ (82)	\$ 8,897	\$ 1,131	\$ 12,933
Residential: >1,900-2,300 Sq. Ft.	DU	\$ 1,397	\$3,023	\$ 720	\$1,417	\$ 822	\$ (524)	\$ (11)	\$10,722	\$ 1,341	\$ 18,907
Residential: >2,300 Sq. Ft.	DU	\$ 2,635	\$3,848	\$ 1,039	\$1,851	\$ 1,211	\$ (504)	\$ 61	\$12,156	\$ 1,507	\$ 23,804
Commercial	KSF					\$ 673	\$1,818	\$ 416	\$24,375	\$ 3,071	\$ 30,353
Office	KSF					\$ 376	\$ (76)	\$ 66	\$10,204	\$ 1,404	\$ 11,974
Industrial	KSF					\$ 102	\$ (35)	\$ 68	\$ 3,595	\$ 498	\$ 4,228

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area

Interpreting the figures in Table S.4 is complicated by the fact that the development types used for the City’s existing impact fees are different from those used in the current study. So, for example, the proposed park land impact fees are substantially lower than the existing fees for the smaller unit sizes and substantially higher for the larger unit sizes. While that pattern is reflected in some form for all the impact fees, certain fees are mostly lower than the existing fees while others are higher across the board. In particular, the impact fees for street improvements are much higher than the existing fees.

Table S.5 shows the percentage difference between the existing fees in Table S.3 and the proposed impact fees in Table S.2.

Table S.5: Percentage Difference Between Existing and Proposed Impact Fees

Development Type	Unit Type ¹	Park Land	Park Imprv	Com/Rec Centers	Library	General Gov't	Police	Fire	Streets	Traffic Signals	Total
Residential: <600 Sq. Ft.	DU	-64%	19%	-48%	-13%	-51%	-52%	-54%	228%	455%	12%
Residential: 600-800 Sq. Ft.	DU	-52%	61%	-30%	18%	-34%	-50%	-34%	318%	607%	45%
Residential: >800-1,200 Sq. Ft.	DU	-19%	168%	17%	96%	11%	-47%	-14%	422%	784%	101%
Residential: >1,200-1,900 Sq. Ft.	DU	-2%	227%	43%	139%	35%	-57%	-18%	407%	757%	112%
Residential: >1,900-2,300 Sq. Ft.	DU	31%	337%	91%	219%	80%	-55%	-2%	491%	898%	163%
Residential: >2,300 Sq. Ft.	DU	59%	429%	131%	287%	118%	-53%	13%	556%	1009%	205%
Commercial	KSF					352%	1027%	489%	449%	827%	485%
Office	KSF					148%	-32%	58%	213%	429%	209%
Industrial	KSF					80%	-29%	120%	205%	416%	195%

¹ DU = dwelling unit; KSF = 1,000 gross square feet of building area

Projected Revenue

Overall, the projected revenue for all impact fees calculated in this study totals \$29.8 million, of which \$18.85 million would be generated by impact fees for streets and traffic signals. That revenue is projected only for residential development, because it was not possible to forecast future non-residential development for this study.

Chapter 1. Introduction

Purpose

The purpose of this study is to analyze the impacts of development on the need for capital facilities and other capital assets provided by the City of Covina and to calculate impact fees based on that analysis. This report documents the approach, data and methodology used in this study to calculate impact fees.

The methods used to calculate impact fees and in-lieu fees in this report are intended to satisfy all legal requirements governing such fees, including provisions of the U. S. Constitution, the California Constitution and the California Mitigation Fee Act (Government Code Sections 66000-66025).

Legal Framework for Impact Fees

This brief summary of the legal framework for development fees is intended as a general overview. It was not prepared by an attorney and should not be treated as legal advice.

U. S. Constitution. Like all land use regulations, development exactions, including impact fees, are subject to the 5th Amendment prohibition on taking of private property for public use without just compensation. Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against “regulatory takings.” A regulatory taking occurs when regulations unreasonably deprive landowners of property rights protected by the Constitution.

In two landmark cases dealing with exactions, the U. S. Supreme Court has held that when a government agency requires the dedication of land or an interest in land as a condition of development approval or imposes ad hoc exactions as a condition of approval on a single development project that do not apply to development generally, a higher standard of judicial scrutiny applies. To meet that standard, the agency must demonstrate an “essential nexus” between such exactions and the interest being protected (See *Nollan v. California Coastal Commission*, 1987) and make an “individualized determination” that the exaction imposed is “roughly proportional” to the burden created by development (See *Dolan v. City of Tigard*, 1994).

Until recently, it was widely accepted that legislatively enacted impact fees that apply to all development in a jurisdiction are not subject to the higher standard of judicial scrutiny flowing from the *Nollan* and *Dolan* decisions. But after the U. S. Supreme Court decision in *Koontz v. St. Johns Water Management District* (2013), state courts have reached conflicting conclusions on that issue. The California Supreme Court has held that the heightened scrutiny required by *Nollan* and *Dolan* does not apply to development fees that are generally applicable to a broad class of property owners through legislation (see the opinion in the California Court of Appeal, Third Appellate District, case of *Sheetz v. County of El Dorado*).

For purposes of this study, we assume that the key distinction between the heightened scrutiny of *Nollan* and *Dolan*, and the “reasonable relationship” requirements of the California Mitigation Fee Act (discussed below) is that legislatively adopted impact fees do not require an

“individualized determination” as to the nature and extent of the impacts of a particular development project and the proportionality of the fees. Otherwise, we consider the reasonable relationship requirements of the Mitigation Fee Act to be generally consistent with the broad nexus standard enunciated in various federal and state impact fee decisions.

Defining “Nexus.” While courts have not been entirely consistent in defining the nexus required to justify exactions and impact fees, that term can be thought of as having the three elements discussed below. We think proportionality is logically included as one element of that nexus, even though it was discussed separately in *Dolan v. Tigard*. The elements of the nexus discussed below mirror the three “reasonable relationship” findings required by the Mitigation Fee Act for establishment and imposition of impact fees.

Need or Impact. Development must create a need for the facilities to be funded by impact fees. All new development in a community creates additional demands on some or all public facilities provided by local government. If the capacity of facilities is not increased to satisfy the additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is related to the development project subject to the fees.

The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate impacts created by the development projects upon which they are imposed. In this study, the impact of development on facility needs is analyzed in terms of quantifiable relationships between various types of development and the demand for public facilities based on applicable level-of-service standards. This report contains all of the information needed to demonstrate compliance with this element of the nexus.

Benefit. Development must benefit from facilities funded by impact fees. With respect to the benefit relationship, the most basic requirement is that facilities funded by impact fees be available to serve the development paying the fees. A sufficient benefit relationship also requires that impact fee revenues be segregated from other funds and expended in a timely manner on the facilities for which the fees were charged. Nothing in the U.S. Constitution or California law requires that facilities paid for with impact fee revenues be available exclusively to development projects paying the fees.

Procedures for earmarking and expenditure of fee revenues are mandated by the Mitigation Fee Act, as are procedures to ensure that the fees are either expended in a timely manner or refunded. Those requirements are intended to ensure that developments benefit from the impact fees they are required to pay. Thus, over time, procedural issues as well as substantive issues can come into play with respect to the benefit element of the nexus.

Proportionality. Impact fees must be proportional to the impact created by a particular development project. Proportionality in impact fees depends on properly identifying development-related facility costs and calculating the fees in such a way that those costs are allocated in proportion to the facility needs created by different types and amounts of development. The section on impact fee methodology, below, describes methods used to allocate facility costs and calculate impact fees that meet the proportionality standard.

California Constitution. The California Constitution grants broad police power to local governments, including the authority to regulate land use and development. That police power is the source of authority for local governments in California to impose impact fees on development. Some impact fees have been challenged on grounds that they are special taxes imposed without voter approval in violation of Article XIII A. However, that objection is valid only if the fees charged to a project exceed the cost of providing facilities needed to serve the project. In that case, the fees would also run afoul of the U. S. Constitution and the Mitigation Fee Act.

Articles XIII C and XIII D, added to the California Constitution by Proposition 218 in 1996, require voter approval for some “property-related fees,” but exempt “the imposition of fees or charges, as a condition of property development.” Thus, impact fees are exempt from those requirements.

The Mitigation Fee Act. California’s impact fee statute originated in Assembly Bill 1600 during the 1987 session of the Legislature and took effect in January 1989. AB 1600 added several sections to the Government Code, beginning with Section 66000. Since that time, the impact fee statute has been amended from time to time, and in 1997 was officially titled the “Mitigation Fee Act.” Unless otherwise noted, code sections referenced in this report are from the Government Code.

The Mitigation Fee Act does not limit the types of capital improvements for which impact fees may be charged. It defines public facilities very broadly to include “public improvements, public services and community amenities.” Although the issue is not specifically addressed in the Mitigation Fee Act, it is clear both in case law and statute (see Government Code Section 65913.8) that impact fees may not be used to pay for ongoing maintenance or operating costs. Consequently, the fees calculated in this report are based on the cost of capital assets only.

The Mitigation Fee Act does not use the term “mitigation fee” except in its official title. Nor does it use the common term “impact fee.” The Act simply uses the word “fee,” which is defined as “a monetary exaction, other than a tax or special assessment...that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project”

To avoid confusion with other types of fees, this report uses the widely accepted terms “impact fee” and “development impact fee” which both should be understood to mean “fee” as defined in the Mitigation Fee Act.

The Mitigation Fee Act contains requirements for establishing, increasing and imposing impact fees. They are summarized below. It also contains provisions that govern the collection and expenditure of fees and requires annual reports and periodic re-evaluation of impact fee programs. Those administrative requirements are discussed in the implementation chapter of this report.

Required Findings. Section 66001 (a) requires that an agency establishing, increasing or imposing impact fees, must make findings to:

1. Identify the purpose of the fee
2. Identify the use of the fee; and

3. Determine that there is a reasonable relationship between the use of the fee and the development type on which it is imposed
4. Determine that there is a reasonable relationship between the need for the facility and the type of development on which the fee is imposed

In addition, Section 66001 (b) requires that in any action imposing a fee as a condition of approval of a development project by a local agency, the local agency shall 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.

Legal experts have opined that the requirements of Section 66001 (a) apply when impact fees are based on a legislatively adopted fee schedule, while the requirements of Section 66001 (b) apply when impact fees are based on an administratively imposed (ad hoc) assessment.¹

The requirements outlined above are discussed in more detail below.

Identifying the Purpose of the Fees. The broad purpose of impact fees is to protect public health, safety and general welfare by providing for adequate public facilities. The specific purpose of the fees calculated in this study is to fund acquisition or construction of certain capital assets that will be needed to mitigate the impacts of planned new development on City facilities, and to maintain an acceptable level of public services as the City grows.

This report recommends that findings regarding the purpose of an impact fee should define the purpose broadly, as providing for the funding of adequate public facilities to serve additional development.

Identifying the Use of the Fees. According to Section 66001(a)(2), if a fee is used to finance public facilities, those facilities must be identified. A capital improvement plan may be used for that purpose but is not mandatory if the facilities are identified in a General Plan, a Specific Plan, or in other public documents. Section 66002 (b) requires that if a capital improvement plan is used to identify the facilities, it must be updated annually.

However, a new provision in Section 66016.5, which was added by AB 602 in 2021, requires that large jurisdictions adopt a capital improvement plan as part of an impact fee study. That requirement applies to impact fee studies adopted after January 1, 2022. “Large jurisdiction” means a county of 250,000 or more or any city within that county. The statute does not provide any detail about what must be included in the capital improvement plan or how it should relate to the impact fee study. That new requirement is inconsistent with the original language of Section 66001(a)(2), so it is unclear whether the annual update requirement in Section 66002(b) applies.

¹ See “The Mitigation Fee Act’s Five-Year Findings Requirement: Beware Costly Pitfalls” by Glen Hansen, Senior Council, Abbott and Kindermann and Rick Jarvis, Managing Partner, Jarvis, Fay and Gibson, presented at the 2022 League of California Cities City Attorneys Spring Conference

Reasonable Relationship Requirement. As discussed above, Section 66001 requires that, for fees subject to its provisions, a "reasonable relationship" must be demonstrated between:

1. the use of the fee and the type of development on which it is imposed;
2. the need for a public facility and the type of development on which a fee is imposed;
and,
3. the amount of the fee and the facility cost attributable to the development on which the fee is imposed.

Technically, as best we can determine, the third requirement in that list pertains only to "ad hoc" fees that are not part of a legislatively adopted fee schedule. However, it is reasonable to assume that all three are part of a complete "nexus" or "reasonable relationship" framework as discussed earlier and impact fees calculated in this report are based on a proportional allocation of eligible costs to various types of development.

Development Agreements and Reimbursement Agreements. The requirements of the Mitigation Fee Act do not apply to fees collected under development agreements (see Govt. Code Section 66000) or reimbursement agreements (see Govt. Code Section 66003). The same is true of fees in lieu of park land dedication imposed under the Quimby Act (see Govt. Code Section 66477).

Existing Deficiencies. In 2006, Section 66001(g) was added to the Mitigation Fee Act (by AB 2751) to clarify that impact fees "shall not include costs attributable to existing deficiencies in public facilities,..." The legislature's intent in adopting this amendment, as stated in the bill, was to codify the holdings of *Bixel v. City of Los Angeles* (1989), *Rohn v. City of Visalia* (1989), and *Shapell Industries Inc. v. Governing Board* (1991).

That amendment does not appear to be a substantive change. It is widely understood that other provisions of law make it improper for impact fees to include costs for correcting existing deficiencies.

However, Section 66001(g) also states that impact fees "may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) *refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with the general plan.*" (Emphasis added.)

Impact Fees for Existing Facilities. Impact fees may be used to recover costs for existing facilities to the extent that those facilities are needed to serve additional development and have the capacity to do so. In other words, it must be possible to show that fees used to pay for existing facilities meet the need and benefit elements of the nexus.

Recent Legislation

Several new laws enacted by the State of California since 2019 to facilitate development of affordable housing bear on the implementation of impact fees calculated in this study. Below are brief overviews of some key bills passed since 2019.

SB 330 – The Housing Crisis Act of 2019. Amendments to existing law contained in SB 330 prohibit the imposition of new approval requirements on a housing development project once a

preliminary application has been submitted. That provision applies to increases in impact fees and in-lieu fees, except when the resolution or ordinance establishing the fee authorizes automatic, inflationary adjustments to the fee or exaction.

AB 1483 – Housing Data: Collection and Reporting. AB 1483 requires that a city, county or special district must post on its website a current schedule of its fees and exactions, as well as associated nexus studies and annual reports. Updates must be posted within 30 days.

SB 13 – Accessory Dwelling Units. SB 13 prohibits the imposition of impact fees on accessory dwelling units (ADUs) smaller than 750 square feet and provides that impact fees for ADUs of 750 square feet or more must be proportional to the square footage of the primary dwelling unit. The proportionality requirement means that impact fees for ADUs of 750 square feet or more must be calculated on a case-by-case basis during the approval process.

Existing law requires a water or sewer connection fee or capacity charge for an accessory dwelling unit requiring a new or separate utility connection to be based on either the accessory dwelling unit's size or the number of its plumbing fixtures. SB 13 revises the basis for calculating the connection fee or capacity charge to either the accessory dwelling unit's square feet or the number of its drainage fixture units.

AB 602 – Amendments to the Planning and Land Use Law and the Mitigation Fee Act. AB 602, which was passed and signed in 2021, adds section 65940.1 to the Planning and Land Use Law requiring cities, counties and special districts that have internet websites to post schedules of fees, exactions and affordability requirements, annual fee reports, and an archive of nexus studies on that website, and to update that information within 30 days after any changes.

AB 602 also adds Section 66016.5 to the Mitigation Fee Act imposing several new requirements for impact fees that go into effect in 2022, including:

- A nexus study must identify the existing level of service for each facility, identify the proposed new level of service (if any), and explain why the new level of service is appropriate.
- If a nexus study supports an increase in an existing fee the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of the fees collected under the original fee.
- Large jurisdictions (counties over 250,000 and cities within those counties) must adopt a capital improvement plan as part of the nexus study.
- All impact fee nexus studies shall be adopted at a public hearing with at least 30 days' notice, and the local agency shall notify any member of the public that requests notice of intent to begin and impact fee nexus study of the date of the hearing.
- Nexus studies shall be updated at least every eight years, from the period beginning on January 1, 2022.
- 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 in the

development. A nexus study is not required to comply with this requirement if the local agency makes certain findings specified in the law. A local agency that imposes a fee proportionately to the square footage of units in the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.

- Authorizes any member of the public, including an applicant for a development project, to submit evidence that impact fees proposed by an agency fail to comply with the Mitigation Fee Act, and requires the legislative body of the agency to consider such evidence and adjust the proposed fee if deemed necessary.

Impact Fee Calculation Methodology

Any one of several legitimate methods may be used to calculate impact fees. The choice of a particular method depends primarily on the service characteristics of, and planning requirements for, the type of facility being addressed. To some extent those methods are interchangeable, because they all allocate facility costs in proportion to the needs created by development.

Allocating facility costs to various types and amounts of development is central to all methods of impact fee calculation. Costs are allocated by means of formulas that quantify the relationship between development and the need for facilities. In a cost allocation formula, the impact of development represented by some attribute of development such as added population or added vehicle trips that represent the impacts created by different types and amounts of development.

Plan-Based or Improvements-Driven Method. Plan-based impact fee calculations are based on the relationship between a specified set of improvements and a specified increment of development. The improvements are typically identified in a facility plan, while the development is identified in a land use plan that forecasts potential development by type and quantity.

Using this method, facility costs are allocated to various categories of development in proportion to the service demand created by each type of development. To calculate plan-based impact fees, it is necessary to determine what facilities will be needed to serve a particular increment of new development.

With this method, the total cost of eligible facilities is divided by total units of additional demand to calculate a cost per unit of demand (e.g. a cost per capita for parks). Then, the cost per unit of demand is multiplied by factors representing the demand per unit of development (e.g. population per unit) to arrive at a cost per unit of development.

This method is somewhat inflexible in that it is based on the relationship between a specific facility plan and a specific land use plan. If either plan changes significantly the fees will have to be recalculated.

Capacity-Based or Consumption-Driven Method. This method calculates a cost per unit of capacity based on the relationship between total cost and total capacity of a system. It can be applied to any type of development, provided the capacity required to serve each increment of development can be estimated and the facility has capacity available to serve the development.

Since the cost per unit of demand does not depend on the particular type or quantity of development to be served, this method is flexible with respect to changing development plans.

In this method, the cost of unused capacity is not allocated to development. Capacity-based fees are most commonly used for water and wastewater systems, where the cost of a system component is divided by the capacity of that component to derive a unit cost. However, a similar analysis can be applied to other types of facilities. To produce a schedule of impact fees based on standardized units of development (e.g. dwelling units or square feet of non-residential building area), the cost per unit of capacity is multiplied by the amount of capacity required to serve a typical unit of development in each of several land use categories.

Standard-Based or Incremental Expansion Method. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. The standard can be established as a matter of policy or it can be based on the level of service being provided to existing development in the study area.

Using the standard-based method, costs are defined on a generic unit-cost basis and then applied to development according to a standard that sets the number of service units to be provided for each unit of development.

Park in-lieu and impact fees are commonly calculated this way. The level of service standard for parks is typically stated in terms of acres of parks per thousand residents. A cost-per-acre for park land or park improvements can usually be estimated without knowing the exact size or location of a particular park. The ratio of park acreage to population and the cost per acre for parks is used to calculate a cost per capita. The cost per capita can then be converted into a cost per unit of development based on the average population per dwelling unit for various types of residential development.

Facilities Addressed in this Study

Impact/in-lieu fees for the following types of facilities are addressed in this report:

- Park Land and Park Improvements
- Recreation Facilities
- Library
- General Government Facilities
- Police Facilities
- Fire Facilities
- Streets and Traffic Signals

Each of those facilities is addressed in a separate chapter of this report, beginning with Chapter 3. Chapter 2 contains data on existing and future development used in the impact fee analysis.

Chapter 2. Development Data

This chapter presents data on existing and future development that will be used to calculate impact fees in subsequent chapters of this report. The information in this chapter may be used to establish levels of service, analyze facility needs, and allocate the cost of capital facilities among various types of development.

Land use and development data in this chapter are based on information from the U.S. Census Bureau and the American Community Survey (ACS), the California Department of Finance (DOF) Demographic Research Unit, the City of Covina Community Development Department and other sources as noted in this chapter.

Study Area and Time Frame

The study area for this study is the area within the current boundaries of the City of Covina. No specific timeframe for future development is defined in this study because the City is largely built out and there is considerable uncertainty about the timing of future redevelopment and infill development in Covina. The methods used to calculate impact fees in this report do not depend on the timing of future development. However, those impact fees are based on current facility costs and should be adjusted periodically to keep pace with changes in those costs.

Development Types

The development types for which impact fees are calculated in this study are listed below. Traditionally, impact fees for residential development are based on unit types such as single-family, multi-family and mobile home units. However, AB 602, enacted in 2021, added Section 66016.5 to the Government Code. That section requires 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.” It further states that “[a] local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.” Consequently, the residential development categories used in this study are based on unit size rather than the type of unit. The list of development categories used in this study is shown below.

- Residential: < 600 Sq. Ft.
- Residential: 600 – 800 Sq. Ft.
- Residential: > 800 – 1,200 Sq. Ft.
- Residential: > 1,200 – 1,900 Sq. Ft.
- Residential: > 1,900 – 2,300 Sq. Ft.
- Residential: > 2,300 Sq. Ft.
- Commercial
- Office
- Industrial
- Public Facilities

Residential. The residential development categories used in this study are based on unit size and do not distinguish by unit type (e.g., single-family or multi-family).

Commercial. The Commercial category includes all types of commercial uses described in the Land Use Element of the Covina General Plan other than development limited to administrative and professional office uses.

Office. The Office category includes only development that is limited to administrative and professional office uses.

Industrial. The Industrial category includes industrial uses described in the Land Use Element of the Covina General Plan.

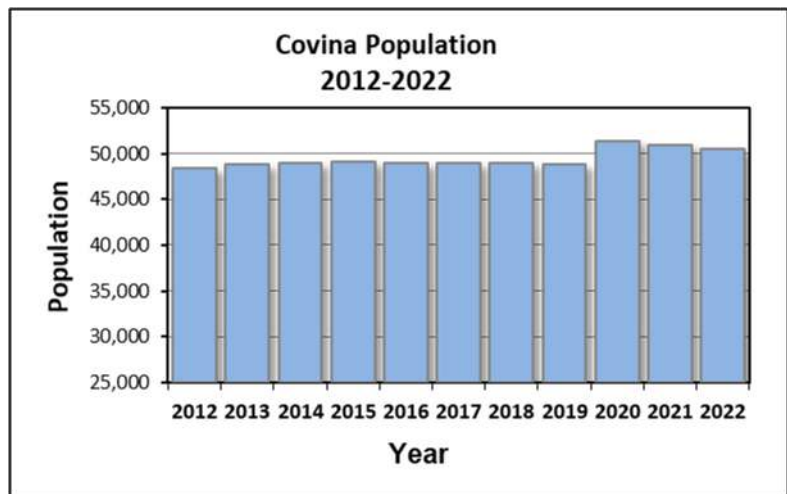
Public/Quasi-Public Facilities. This category includes government buildings and other public or quasi-public facilities, parks and public schools. In many cases, the City may lack authority to charge impact fees to development in this category or, in the case of City facilities, it would be impractical to do so. Consequently, Some other types of development, such as hospitals, churches and private schools are also covered by this category. Those developments are not legally exempt from impact fees, but those development types may not fit well into any of the defined development types in the impact fee schedules in this report. Impact fees for specific projects that do not fit any of the development types defined in this study can be calculated on an individual basis using information shown in the bottom rows in Tables S.1 and S.2.

Residential Development and Population

The chart at right shows the California Department of Finance (DOF) official January 1 population estimates for Covina for the years from 2012 through 2022, except for 2020 which shows the 2020 Census count.

It is evident from this chart that DOF estimates from 2013 to 2019, which showed a flat population during that period, underestimated growth in Covina. The sudden jump in

population for 2020 is based on the 2020 Census count. It is unclear why DOF estimates for 2021 and 2022 are lower than the 2020 Census population. Overall, the chart shows that Covina's population has grown by around 2,000 from 2012 to 2022. That is a 4.2% increase or about 0.4% per year.



Units of Development

In this study, quantities of existing and planned development are measured in terms of certain units of development. Those units are discussed below.

Dwelling Units. Residential development is measured in terms of dwelling units (DUs).

Building Area. Non-residential development in this study is measured in terms of building area in thousands of square feet, denoted as KSF.

Demand Variables

In calculating impact fees, the relationship between facility needs and development must be quantified in cost allocation formulas. Certain measurable attributes of development such as population, vehicle trips or police department calls for service are used in those formulas to reflect the impact of different types and amounts of development on the demand for specific public services and the facilities that support those services.

Those attributes are referred to in this study as “demand variables.” Demand variables are selected either because they directly measure service demand created by various types of development, or because they are reasonably correlated with that demand.

For example, the service standard for parks in a community is typically defined as a ratio of park acreage to population. As population grows, more parks are needed to maintain the desired standard. Logically, then, population is an appropriate yardstick or demand variable for measuring the impacts of development on the need for additional parks.

Each demand variable has a specific value for each type of development. Those values may be referred to as “demand factors.” For example, each of the residential unit size categories used in this study is associated with a specific population per unit

Specific demand variables used in this study are discussed below. The values of demand factors used in this report are shown in Table 2.1 on page 2-5.

Population. Resident population is used in this study as a measure of the impact of development on facilities like parks, recreation facilities and libraries that are intended to serve residents of the City. Resident population is tied only to residential development, so it is not useful in measuring demand from non-residential development.

Service Population. Because population alone only represents demand created by residential development, it is not useful in measuring the impacts of development on facilities like City Hall and the City Yard facilities that experience demand from both residential and non-residential development. In this study, a variable called service population is used for that purpose.

Service population is a composite variable that includes both residents of Covina and employees of businesses in the City. Resident population is included to represent the impacts of residential development. Employees are included to represent the impacts of non-residential uses, such as commercial, office and industrial development.

Because the impact of one new resident is not necessarily the same as the impact of one new employee, various components of the service population are weighted to reflect their relative impacts on demand for certain types of facilities.

Service population is intended to approximate the number of people creating a demand for service on an average day. It is difficult to estimate that number precisely for several reasons. Some residents work in the City, some residents commute to work outside the City, and some residents don't work at paid jobs. In addition, non-residents may be present in the City for work, shopping, recreation, or any number of other reasons.

In this study, residents are assigned a weight of 1.0. Our estimate of the average number of hours per week that residents spend in the City is based in part on an analysis of Census Bureau data on how many residents work in the city, how many commute to work outside the City. We assume the average resident spends eight hours a week outside the City for activities like shopping and recreation.

American Community Survey (ACS) data for 2020 (the most recent available year) show that 67% of Covina residents between ages 16 and 64 are employed. ACS data also indicate that about 73% of employed residents work outside the City.

Assuming that out-commuters spend 47.5 hours a week (9.5 hours per day) outside the City for work and commuting, and that all residents spend an average of eight hours a week outside the City for shopping and recreation leads us to the conclusion that out-commuters spend an average of 112.5 ($168 - 47.5 - 8 = 112.5$) hours per week in the City. Assuming that other residents spend 160 ($168 - 8 = 160$) hours per week in the City, the weighted average of hours per week in the City for all residents is 141.7. Dividing that number by 168 hours per week gives us a weight of 0.843 for all residents (population) of the City.

Service population weights for employees associated with different types of development are based on estimates of the number of hours per week businesses of a certain type are in operation. This study assumes that retail and service commercial businesses operate 12 hours a day, 7 days a week (84 hours). For professional offices, industrial uses and public facilities, that number is estimated to be 45 hours (9 hours a day, 5 days a week). The weights assigned to employees of businesses associated with various types of non-residential development are based on the hours per week of operation divided by 168 total hours per week. The hours per week for each development type, as well as the weighting factor for each type of development are shown in Exhibit 2A below.

Those weights are intended to allow a balanced allocation of costs among non-residential development types. However, in our estimation those base weights would understate the overall impact of non-residential development on the City's daytime population. So, in consultation with City staff, we have applied a factor of 1.7 to all non-residential service population weights, which brings the non-residential share of existing service population to 22.7% of the total. That percentage is an indicator of how facility costs will be shared between residential and non-residential development in the impact fee analysis.

Finally, for simplicity, all of the service population weights are normalized by dividing them by the residential base weight of 0.843 so that the normalized weight for residents equals 1.0 ($0.843 / 0.843 = 1.0$) and weights for the non-residential components of service population are increased proportionately. The service population weights used in this study are shown in Exhibit 2A. Service population per unit factors based on the normalized service population weights and the number of employees per unit are shown in Table 2.1.

Exhibit 2A: Service Population Weights

Development Type	Avg Hrs per Wk	Total Hrs per Week	Base Svc Pop Weight ¹	Scaling Factor ²	Scaled Svc Pop Weight ³	Normalized Svc Pop Wt ⁴
Residential	141.7	168.0	0.843	1.00	0.843	1.000
Commercial	84.0	168.0	0.500	1.70	0.850	1.008
Office	45.0	168.0	0.268	1.70	0.455	0.540
Industrial	45.0	168.0	0.268	1.70	0.455	0.540
Public Facilities	45.0	168.0	0.268	1.70	0.455	0.540

¹ Base service population weight = average hours per week / total hours per week

² Scaling factor is used to bring non-residential service population into alignment with non-residential demand for City services; see text for further discussion

³ Scaled service population weight = base service population weight X scaling factor

⁴ Service population weight normalized to residential service population weight = scaled service population weight / residential service population weight

Police and Fire Calls for Service. The impact of development on the City’s police and fire facilities is measured by the number of calls for service per unit per year for each development type. Those calls-for-service-per-unit factors are calculated using a random sample of 2021 calls for service to determine the distribution of calls by development type. Then the number of 2021 calls for each type of development is divided by the number of existing units for that type of development to arrive at factors representing calls per unit per year. For additional detail, see Chapter 7 (Police) and Chapter 8 (Fire).

Note on Impact Fees for Accessory Dwelling Units (ADUs). Recent amendments to Section 65852.2 of the Government Code provide that impact fees may not be imposed on ADUs smaller than 750 square feet. It also establishes the following requirement for impact fees imposed on ADUs of 750 square feet or more:

“Any impact fees charged for an accessory dwelling unit of 750 square feet or more shall be charged proportionately in relation to the square footage of the primary dwelling unit.”

Although it is not spelled out in Section 65852.2, we think it is obvious that when calculating ADU impact fees in cases where the primary unit is a single-family detached unit, the starting point for the proportionality calculation is the fee that applies to the single-family unit.

The law also allows for ADUs on lots or parcels where the primary units are multi-family units. There are two potential complications for ADUs in multi-family complexes. The first is that the existing units in a multi-family complex may be of different sizes, which makes it more difficult to determine what square footage should be used for the primary unit when calculating the proportional fee for an ADU. The second is that the ADU may be similar in size to the existing units, which means that proportional impact fees for any ADU larger than 750 square feet would not benefit from a significant reduction in impact fees. The City would have to establish a policy as to the primary unit square footage that would apply for ADUs in multi-family projects. One possibility would be to use the average size of existing units in the complex. Another would be to base the primary unit square footage on the largest unit in the complex, which would have the effect of reducing the ADU impact fee.

The formula for calculating proportional ADU impact fees would be:

$$\text{Primary unit impact fee} \times (\text{ADU square feet} / \text{Primary unit square feet})$$

One thing that becomes obvious in that formula is that, for an ADU of a particular size, a larger primary unit results in lower impact fees for the ADU. For example, if the ADU is 1,000 square feet and the primary unit is 2,000 square feet, the proportional impact fee for the ADU would be 50% of the impact fee that would apply to the primary unit. But if the primary unit is 1,200 square feet, the impact fee for the same-sized ADU would be 83.33% of the primary unit fee.

It seems likely that discrepancy is an unintended consequence of language in Section 65852.2 that was not thoroughly considered before adoption. It is also worth noting that impact fee studies adopted after July 1, 2022, must comply with a provision of AB 602 that requires impact fees for all types of residential units to be proportionate to the square footage of a unit. Impact fees based on square footage for primary units will tend to reduce the inequity created by the proportionality language of Section 65852.2 because the fees that apply to a smaller primary unit would be less than the fees that apply to a larger primary unit.

In cases where primary units are permitted within multi-family complexes, the same formula would apply, but since existing units may be of different sizes, the City will have to adopt a policy to determine how the primary unit size will be determined. Two possibilities are discussed earlier in this section.

Demand Factors

Exhibit 2B shows how population-per-unit factors were estimated for residential unit size categories used in this study. The Census Bureau and Department of Finance collect data on population per unit, by unit type (e.g., single-family or multi-family) rather than by unit size. Consequently, we must estimate the population per unit for unit size categories.

Exhibit 2B shows the population per unit factors for the unit size categories used in this study. Those factors were estimated by NBS using data on the distribution of units by number of bedrooms from the American Community Survey (ACS) and were checked against ACS data on the distribution of household sizes in Covina. The estimated population per unit for each category

is adjusted so that, (1) the population per unit increases with unit size, and (2) the average population per unit and total population remain approximately the same as for the original data. The population and number of units in this data set are slightly different from the 2022 numbers shown in Table 2.2, but those differences are not significant for this purpose.

Exhibit 2B: Population per Unit by Unit Size

Unit Size in Sq Ft ¹	No. of Bedrooms	No. of Units ²	% of Units	Est Pop per Unit ³	Population by Unit Size ⁴
<600	0	368	2.3%	1.00	368
600-800	1	2,186	13.7%	1.35	2,951
>800 - 1,200	2	4,133	26.0%	2.25	9,299
>1,200 - 1,900	3	6,149	38.6%	3.55	21,829
>1,900 - 2,300	4	2,828	17.8%	4.75	13,433
>2,300	5+	256	1.6%	5.75	1,472
Total/Average		15,920	100.0%	3.10	49,352

¹ Estimated square-feet-per-unit ranges based on number of bedrooms

² Distribution of units by number of bedrooms from American Community Survey (ACS) Table B25041, 2020 5-Year Estimates

³ Estimated population per unit used in this study

⁴ Population by unit size = number of units X estimated population per unit

Table 2.1 shows the demand factors used for each type of development defined in this study. Those factors include the population-per-unit factors from Exhibit 2B as well as employees per unit, service population per unit, peak hour trips per unit per day and police and fire calls per unit per year.

It should be noted that it is not possible to get data on specific rates of peak hour trips or police and fire calls per unit for each residential unit size category shown in Table 2.1. We have used the rates for single-family and multi-family residential units to establish the limits of the range of rates shown in Table 2.1 for residential uses. Then we set the rates for individual categories within that range so that they increase from the smallest to the largest units.

Table 2.1: Demand Factors

Development Type ¹	Unit Type ²	Pop per Unit ³	Empl per Unit ⁴	Svc Pop per Unit ⁵	Pk Hr Trips per Unit ⁶	Police Calls per Unit ⁷	Fire Calls per Unit ⁸
Residential: <600 Sq. Ft.	DU	1.00		1.00	0.44	0.87	0.09
Residential: 600-800 Sq. Ft.	DU	1.35		1.35	0.56	0.92	0.13
Residential: >800-1,200 Sq. Ft.	DU	2.25		2.25	0.70	0.97	0.17
Residential: >1,200-1,900 Sq. Ft.	DU	3.55		3.55	0.85	1.02	0.21
Residential: >1,900-2,300 Sq. Ft.	DU	4.75		4.75	0.99	1.07	0.25
Residential: >2,300 Sq. Ft.	DU	5.75		5.75	1.10	1.12	0.29
Commercial	KSF		2.20	2.22	2.29	4.95	0.28
Office	KSF		3.00	1.62	1.15	0.40	0.10
Industrial	KSF		1.10	0.59	0.41	0.21	0.07
Public/Quasi-Public Facilities	KSF		3.00	1.62	1.15	2.33	0.42

¹ The square-feet-per-unit ranges shown in this table for residential development include all types of residential development including single-family, multi-family and mobile homes

² DU = dwelling unit; KSF = 1,000 gross sq ft of building area

³ See Exhibit 2B

⁴ Employees per unit estimated by NBS based on a 2001 Southern California Association of Governments (SCAG) study of employment densities in the region

⁵ Service population per unit; see Exhibit 2A

⁶ Peak hour trips per unit from the Institute of Transportation Engineers (ITE) manual *Trip Generation*, 11th edition

⁷ Police Department calls for service per unit per year based on analysis of a random sample of all 2021 calls for service; see discussion in text and in Chapter 7

⁸ Fire Department calls for service per unit per year based on analysis of a random sample of all 2021 calls for service; see discussion in text and in Chapter 8

Existing and Future Development

Tables 2.2 through 2.4 on the following pages present data on existing and future development in Covina. Data from those tables will be used throughout this report. Table 2.2 on the next page shows existing development as of January 2023.

It is important to note that in Tables 2.2 through 2.4, all residential development is grouped into a single category. Because of recent changes in state law, this study is required to calculate impact fees for unit-size categories rather than for unit types, but we do not have data that would allow us to break out existing and future development into unit-size categories. Nevertheless, impact fees for all types of facilities will be calculated throughout this report for each residential unit size category.

Table 2.2: Existing Development January 1, 2023 - City of Covina

Development Type	Unit Type ¹	No. of Units ²	Population ³	Employees ⁴	Service Pop ⁵	Peak Hr Trips ⁶	Police Calls per Year ⁷	Fire Calls per Year ⁸
All Residential	DU	18,183	51,695		51,695	14,546	18,713	3,522
Commercial	KSF	2,850		6,270	6,327	6,515	14,097	788
Office	KSF	3,647		10,940	5,908	4,194	1,454	365
Industrial	KSF	3,359		3,695	1,982	1,377	695	235
Public/Quasi-Public Facilities	KSF	596		1,723	966	685	1,391	250
Totals			51,695	22,628	66,878	27,318	36,350	5,160

¹ DU = dwelling unit; KSF = 1,000 gross sq ft of building area

² Number of existing residential units based on the January 2022 CA Department of Finance E-5 report + additional units under construction provided by the Covina Community Development Department; existing non-residential units based on analysis by NBS of the 2022 ESRI Business Summary for Covina with additional 2022 units under construction provided by the Covina Community Development Department

³ Existing household population from 2022 CA Department of Finance E-5 report + added population for 2022 units under construction

⁴ Existing employees = existing units X employees per unit from Table 2.1

⁵ Existing service population = existing units X service population per unit from Table 2.1

⁶ Existing peak hour trips per day = existing units per peak hour trips per unit from Table 2.1

⁷ Police Department calls for service per unit per year based on analysis of a random sample of all 2021 calls for service; see discussion in text and in Chapter 7

⁸ Fire Department calls for service per unit per year based on analysis of a random sample of all 2021 calls for service; discussion in text and in Chapter 8

Table 2.3 on the next page presents a forecast of future residential development in the City based on analysis by the Covina Community Development Department. No forecast of future non-residential development is included here because the City is mostly built out and there is no way to forecast the conversion of existing non-residential development to new uses over time with any certainty. It is important to note that the future development numbers are not used in the impact fee calculations in this report. They are only used to project potential revenue from those impact fees.

Table 2.3: Projected Future Development - City of Covina

Development Type	Unit Type ¹	No. of Units ²	Population ³	Employees ⁴	Service Pop ⁵	Peak Hr Trips ⁶	Police Calls per Year ⁷	Fire Calls per Year ⁸
All Residential	DU	1,863	4,192		4,192	1,304	1,807	317
Commercial	KSF							
Office	KSF							
Industrial	KSF							
Public/Quasi-Public Facilities	KSF							
Totals			4,192	0	4,192	1,304	1,807	317

¹ DU = dwelling unit; KSF = 1,000 gross sq ft of building area

² Added units based on Covina Community Development Department analysis of development potential in the recently adopted mixed use and affordable housing overlay districts

³ Added population = added residential units X population per dwelling unit for 800-1,200 square foot units from Table 2.1

⁴ Added employees = added non-residential units X employees per unit from Table 2.1

⁵ Added service population = added units X service population per unit from Table 2.1

⁶ Added peak hour trips = added units X peak hour trips per unit from Table 2.1

⁷ Added police calls per year = added units X police calls per unit per year from Table 2.1

⁸ Added fire calls per year = added units X fire calls per unit per year from Table 2.1

Table 2.4 shows the total of existing development plus projected future development. As noted above, Table 2.4 does not reflect any future non-residential development beyond 2023.

Table 2.4: Existing Development Plus Future Development - City of Covina

Development Type	Unit Type ¹	No. of Units ²	Population ³	Employees ⁴	Service Pop ⁵	Peak Hr Trips ⁶	Police Calls per Year ⁷	Fire Calls per Year ⁸
All Residential	DU	20,046	55,887		55,887	15,850	20,520	3,839
Commercial	KSF	2,850		6,270	6,327	6,515	14,097	788
Office	KSF	3,647		10,940	5,908	4,194	1,454	365
Industrial	KSF	3,359		3,695	1,982	1,377	695	235
Public/Quasi-Public Facilities	KSF	596		1,723	966	685	1,391	250
Totals			55,887	22,628	71,070	28,622	38,157	5,477

Note: The figures shown in Table 2.4 represent the sum of the corresponding figures from Tables 2.2 and 2.3

Growth Potential

The numbers in Table 2.4 represent an increase of about 8% in Covina's population based on projected future development. That population growth is projected to result in a 5-6% increase in peak hour trips and police and fire calls per year. Again, those numbers do not reflect any increase that may result from future non-residential development.

The fees calculated in subsequent chapters of this report are intended to pay for the capital facilities needed to serve the additional demand created by future development. All of the fees calculated in this report are based on the cost to maintain the existing level of service for various types of facilities, so that the amount of future development does not affect the impact fee calculations. Future development numbers are used only to project revenue from the impact fees.

Chapter 3. Park Land and Park Improvements

This chapter calculates impact fees for park land acquisition, park improvements, and park maintenance vehicles and equipment.

As authorized by the Quimby Act (Government Code Section 66477), Chapter 16.28 of the Covina Municipal Code requires that residential subdivisions dedicate land for parks or pay a fee in-lieu of dedication. That chapter contains formulas for determining the amount of land to be dedicated and the amount of any fees to be paid in-lieu of dedication.

However, those requirements apply only to projects that involve a subdivision or parcel map. The park land impact fees calculated in this chapter are intended to apply to residential development that is exempt from the provision of Chapter 16.28 because it does not involve a subdivision or parcel map.

The park improvement impact fees calculated in this chapter, which include the cost of park maintenance vehicles and equipment, are intended to apply to all residential development in the City, in addition to any in-lieu fees or impact fees for park land acquisition.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. All of the impact fees calculated in this chapter are based on the City's existing level of service (LOS) as defined in the section titled Existing Parks and Existing Level of Service, below. Impact fees calculated in that manner are intended to provide the funding needed to maintain the existing level of service as the City grows.

Service Area

The impact fees calculated in this chapter are intended to apply Citywide.

Demand Variable

A "demand variable" is a quantifiable attribute of development that is used in impact fee calculation formulas to represent the impact of development. The demand variable used to calculate impact fees for parks in this chapter is population. Population is used here because the need for parks is almost universally defined in terms of the relationship between population and acres of parks.

Impact fees calculated in this chapter for different categories of residential development vary depending on the estimated average population per unit for each unit-size category. The population per unit factors used to calculate park impact fees are from Table 2.1 in Chapter 2.

Because population growth is driven by new residential development, the impact fees calculated in this chapter apply only to residential development.

Existing Parks and Existing Level of Service

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. That section requires, after January 1, 2022, that the level of service used in an impact fee study must be compared with the existing level of service. If the level used in the impact fee study exceeds the existing level of service, an explanation is required. The impact fees calculated in this chapter are based on the existing level of service as shown in Table 3.2, below, so there is no level-of-service issue in the calculation of impact fees in this chapter with respect to Section 66016.5.

Table 3.1 lists the City’s existing parks and shows both City-owned acres and improved acres of parks. In this case, all of the City owned park acreage is improved.

Table 3.1: Existing Parks

Park Name	Park Type	City-Owned Park Acres	Improved Park Acres
Covina Park	Community	11.15	11.15
Wingate Park	Community	17.00	17.00
Hollenbeck Park	Community	13.15	13.15
Heritage Plaza Park	Community	1.75	1.75
Sunkist Park	Community	5.90	5.90
Banna Park	Neighborhood	1.97	1.97
Cougar Park	Community	1.00	1.00
Edna Park	Neighborhood	1.48	1.48
Jobe's Glen at Jalapa Park	Community	2.00	2.00
Total		55.40	55.40

Source: City of Covina Parks and Recreation Department

Table 3.2 calculates the City’s existing level of service in terms of acres of improved park land per capita and per 1,000 population.

Table 3.2: Existing Level of Service

Total Improved Park Acres ¹	Existing Population ²	Improved Acres per Capita ³	Improved Acres per 1,000 ⁴
55.40	51,695	0.00107	1.07

¹ See Table 3.1

² See Table 2.2

³ Acres per capita = existing acres / existing population

⁴ Acres per 1,000 population = acres per capita X 1,000

Existing Park Maintenance Equipment. Table 3.3 lists the City’s existing park maintenance equipment and the replacement cost for each item. The cost of park maintenance equipment will be incorporated into the impact fees for park improvements. Replacement cost is used here to reflect the cost of acquiring the additional equipment that will be needed to maintain additional parks needed to serve new development.

Table 3.3: Existing Park Maintenance Vehicles & Equipment

Description	Model Year	Replacement Cost ¹
Small Trailer	1963	\$ 12,000.00
2003 GMC 2500HD PU	2003	\$ 45,000.00
2004 Toro GM4000 4WD Mower	2004	\$ 72,000.00
2007 GMC 2500HD Classic Sierra	2007	\$ 45,000.00
2014 Ford F250 Super Duty w/ Tommy Lift	2014	\$ 45,000.00
2015 Ford F250 Super Duty	2015	\$ 45,000.00
Eagle 40H Lift	2001	\$ 65,000.00
2002 Genie GS-2032 Scissor Lift	2002	\$ 39,000.00
Total		\$ 368,000.00

¹ Replacement cost estimated by the City of Covina Public Works Department

Cost Per Capita

Table 3.4 calculates a cost per capita for both park land acquisition and park improvements based on the existing ratio of park acres per capita from Table 3.2 and the estimated cost per acre of park land and park improvements in Covina. The cost per capita for park improvements also includes the cost of park maintenance vehicles and equipment.

As noted previously, the park land impact fees calculated here apply only to residential development projects that are exempt from the park land dedication or in-lieu fee requirements of Covina Municipal Code Chapter 16.28 because they do not involve a subdivision or parcel map. The two types of fees for park land acquisition may differ in amount because the Quimby Act allows in-lieu fees for park land acquisition to be based on at least 3.0 acre per 1,000 population, which exceeds the existing level of service used to calculate park land impact fees in this chapter.

Table 3.4: Cost per Capita - Park Land and Park Improvements

Fee Type	Acres per Capita ¹	Cost per Acre ²	Cost per Capita ³
Park Land Acquisition	0.00107	\$ 1,150,000	\$ 1,230.50
Park Improvements	0.00107	\$ 766,643	\$ 820.31

¹ See Table 3.2

² Park land acquisition cost based on the actual cost for Banna Park; park improvement cost per acre based on the actual cost for Banna Park (\$760,000 per acre) plus the average cost per acre for park maintenance vehicles and equipment shown in Table 3.3

³ Cost per capita = acres per capita X cost per acre

Impact Fees per Unit

Impact Fees per Unit - Park Land Acquisition for Non-Subdivision Projects. Table 3.5 calculates impact fees per unit by residential unit-size category for park land acquisition. Those fees are based on the per-capita cost from Table 3.4 and population per dwelling unit factors from Table 2.1. These fees would apply only to residential development not involving a subdivision.

Table 3.5: Park Land Impact Fees per Unit (Non-Subdivision Projects)

Development Type	Units ¹	Cost per Capita ²	Population per DU ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$1,230.50	1.00	\$ 1,230.50
Residential: 600-800 Sq. Ft.	DU	\$1,230.50	1.35	\$ 1,661.18
Residential: >800-1,200 Sq. Ft.	DU	\$1,230.50	2.25	\$ 2,768.63
Residential: >1,200-1,900 Sq. Ft.	DU	\$1,230.50	3.55	\$ 4,368.28
Residential: >1,900-2,300 Sq. Ft.	DU	\$1,230.50	4.75	\$ 5,844.88
Residential: >2,300 Sq. Ft.	DU	\$1,230.50	5.75	\$ 7,075.38

¹ Units of development: DU = dwelling unit

² See Table 3.4

³ See Table 2.1

⁴ Impact fee per unit = cost per capita X population per dwelling unit

Impact Fees per Unit - Park Improvements. Table 3.6 calculates impact fees per unit by residential unit-size category for park improvements. These fees incorporate the cost of park maintenance vehicles and equipment. They are calculated using the combined per-capita cost for park improvements and park maintenance equipment from Table 3.4 and the population per unit factors from Table 2.1.

Table 3.6: Park Improvement Impact Fees per Unit

Development Type	Units ¹	Cost per Capita ²	Population per DU ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$820.31	1.00	\$ 820.31
Residential: 600-800 Sq. Ft.	DU	\$820.31	1.35	\$ 1,107.42
Residential: >800-1,200 Sq. Ft.	DU	\$820.31	2.25	\$ 1,845.69
Residential: >1,200-1,900 Sq. Ft.	DU	\$820.31	3.55	\$ 2,912.09
Residential: >1,900-2,300 Sq. Ft.	DU	\$820.31	4.75	\$ 3,896.46
Residential: >2,300 Sq. Ft.	DU	\$820.31	5.75	\$ 4,716.77

¹ Units of development: DU = dwelling unit

² See Table 3.4; includes combined cost per capita for park improvements and park maintenance vehicles and equipment;

³ See Table 2.1

⁴ Impact fee per unit = cost per capita X population per dwelling unit

Projected Revenue

The impact fees per unit in the two previous tables are based on residential unit size in square feet. Although Table 2.3 in Chapter 2 shows a forecast of total future residential units to 2040, it is not possible to forecast the number of units in each unit-size category. Consequently, potential revenue from impact fees calculated in this chapter is estimated based on the population added by new development and the cost per capita for park land acquisition and park improvements.

Projected Revenue – Park Land Impact Fees. Projecting revenue from park land impact fees is further complicated by the fact that we have no way of knowing how much future residential development will be in subdivisions, which are subject to Quimby Act park land in-lieu fees rather than the park land impact fees calculated in this chapter. Keeping in mind that individually owned multi-family units such as condominiums involve a subdivision, while apartment projects do not, the revenue projection for park land impact fees in Table 3.7 assumes that 25% of future residential units (25% of the added population shown in Table 2.3) will be subject to the park land impact fees calculated in this chapter.

This study does not address park land in-lieu fees, and it would not be possible to project revenue from those fees in any event because the Chapter 16.28 of the Covina Municipal Code requires that they be calculated case-by-case using the fair market value of the land being developed in a particular project.

Table 3.7: Projected Revenue from Park Land Impact Fees

Development Type	Impact Fee per Capita ¹	Added Population ²	Projected Revenue ³
All Residential	\$1,230.50	1,048	\$ 1,289,564
Total			\$ 1,289,564

¹ See Table 3.4

² Added population from Table 2.3 X 0.25

³ Projected revenue = impact fee per capita X added population

Projected Revenue – Park Improvement Impact Fees. Table 3.8 calculates projected revenue for the park improvement impact fees, using the cost per capita from Table 3.4 and the added population from Table 2.3.

Table 3.8: Projected Revenue from Park Improvement Impact Fees

Development Type	Impact Fee per Capita ¹	Added Population ²	Projected Revenue ³
All Residential	\$820.31	4,192	\$ 3,438,524
Total			\$ 3,438,524

¹ See Table 3.4

² See Table 2.3

³ Projected revenue = impact fee per capita X added population

Updating the Fees

The impact fees calculated in this chapter are based the current estimated cost of park land and park improvements. We recommend that the fees be reviewed annually and adjusted as needed using local cost data or an index such as the *Engineering News Record Construction Cost Index* (CCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
 - b. The need for the facility and the type of development on which the fee is imposed;
- and

- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new residential development on the need for parks in Covina.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional parks or park improvements to mitigate the impacts of new residential development in the City. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional parks or park improvements to serve the needs of added population associated with new residential development in Covina.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for parks to maintain the existing level of service as described earlier in this chapter. Without additional park space and improvements, the increase in population associated with new residential development would result in a reduction in the level of service provided to all residents of the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees for park land and park improvements calculated in this chapter depend on the estimated increase in population per unit associated with residential development unit-size category. The fees per unit of development calculated in this chapter for each unit-size category are based on the estimated average population per unit for that type of development in Covina. Thus, the fee charged to a development project reflects the impact of that project on the need for parks in the City.

Chapter 4. Community and Recreation Centers

This chapter calculates impact fees for community and recreation center facilities.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. All of the impact fees calculated in this chapter are based on the City’s existing level of service (LOS) as defined in the section titled Existing Facilities and Existing Level of Service, below. Impact fees calculated in that manner are intended to provide the funding needed to maintain the existing level of service as the City grows.

Service Area

The impact fees calculated in this chapter are intended to apply to all new residential development in the City.

Demand Variable

A “demand variable” is a quantifiable attribute of development that is used in impact fee calculation formulas to represent the impact of development on a particular type of capital facilities. The demand variable used to calculate impact fees for community and recreation center facilities in this chapter is population. Population is used here because the need for community and recreation center facilities is commonly defined on the basis of the population to be served.

Impact fees calculated in this chapter for different categories of residential development vary depending on the estimated average population per unit for each category. The population per unit factors used to calculate impact fees for community and recreation center facilities are from Table 2.1 in Chapter 2.

Because population growth is driven by new residential development, the impact fees calculated in this chapter apply only to residential development.

Existing Facilities and Existing Level of Service

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. That section requires, after January 1, 2022, that the level of service used in an impact fee study must be compared with the existing level of service. If the level used in the impact fee study exceeds the existing level of service, an explanation is required. The impact fees calculated in this chapter are based on the existing level of service as shown in Table 4.2 on the next page, so there is no level-of-service issue in the calculation of impact fees in this chapter with respect to Section 66016.5.

In this chapter, the existing level of service for community and recreation center facilities is based on the relationship between the City’s existing population and the replacement cost of existing community and recreation center facilities. Table 4.1 lists the City’s existing community and recreation center facilities with building replacement cost and the replacement cost of furniture,

fixtures and equipment (FF&E). The impact fee cost basis for each facility is the sum of the building replacement cost and the replacement cost of FF&E. No land value is included in Table 4.1 because all of the facilities listed in that table are located in City parks.

Table 4.1: Existing Community and Recreation Center Facilities

Facility	Location	Constr Date	Building Sq Ft ¹	Bldg Repl Cost ²	FF&E Repl Cost ³	Impact Fee Cost Basis ⁴
Aquatic Center Buildings	Covina Park	1962	7,457	\$ 1,687,610	\$ 24,632	\$ 1,712,242
Aquatic Center Pools/Equipt	Covina Park	1962	N/A	\$ 1,400,000		\$ 1,400,000
Recreation Hall	Covina Park	1930	3,758	\$ 973,784	\$ 35,189	\$ 1,008,973
Community Center	Cougar Park	2015	1,500	\$ 1,485,000	\$ 15,600	\$ 1,500,600
Parks & Recreation Ofc	Hollenbeck Park	2000	3,091	\$ 790,200	\$ 100,562	\$ 890,762
Senior & Community Center	Sunkist Park	2019	10,000	\$ 9,750,000	\$ 98,500	\$ 9,848,500
Total						\$16,361,077

¹ Building square feet from the City's insured property schedule or the Covina Parks and Recreation Dept.

² Building replacement cost from the City's insured property schedule or the Covina Parks and Recr. Dept.

³ Replacement cost of furniture, fixtures and equipment (FF&E) based on the personal property cost from the City's insured property schedule or the Covina Parks and Recreation Department

⁴ Impact fee cost basis = building replacement cost + furniture, fixtures and equipment replacement cost

Table 4.2 calculates the City's existing level of service as a cost per capita based on the City's existing population and the impact fee cost basis from Table 4.1.

Table 4.2: Cost per Capita - Community & Rec Center Facilities

Impact Fee Cost Basis ¹	Existing Population ²	Cost per Capita ³
\$16,361,077	51,695	\$316.49

¹ See Table 4.1

² See Table 2.2

³ Cost per capita = impact fee cost basis / existing population

Impact Fees per Unit

Table 4.3 calculates impact fees per unit by residential development type for community and recreation center facilities. Those fees are based on the per-capita cost from Table 4.2 and population per dwelling unit factors from Table 2.1. These fees would apply only to residential development.

Table 4.3: Community and Recreation Facilities Impact Fees per Unit

Development Type	Units ¹	Cost per Capita ²	Population per Unit ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$316.49	1.00	\$ 316.49
Residential: 600-800 Sq. Ft.	DU	\$316.49	1.35	\$ 427.26
Residential: >800-1,200 Sq. Ft.	DU	\$316.49	2.25	\$ 712.11
Residential: >1,200-1,900 Sq. Ft.	DU	\$316.49	3.55	\$ 1,123.55
Residential: >1,900-2,300 Sq. Ft.	DU	\$316.49	4.75	\$ 1,503.34
Residential: >2,300 Sq. Ft.	DU	\$316.49	5.75	\$ 1,819.83

¹ Units of development: DU = dwelling unit

² See Table 4.2

³ See Table 2.1

⁴ Impact per unit = cost per capita X population per dwelling unit

Projected Revenue

The impact fees per unit in the previous table is based on residential unit size in square feet. Although Table 2.3 in Chapter 2 shows a forecast of total future residential units to 2040, it is not possible to forecast the number of units in each unit-size category. Consequently, potential revenue from impact fees calculated in this chapter is estimated based on the population added by new development and the cost per capita for park land acquisition and park improvements.

Table 4.4: Projected Revenue - Community/Rec Facilities Impact Fees

Development Type	Impact Fee per Capita ¹	Added Population ²	Projected Revenue ³
All Residential	\$316.49	4,192	\$ 1,326,657
Total			\$ 1,326,657

¹ See Table 4.2

² See Table 2.3

³ Projected revenue = impact fee per capita X added population

Updating the Fees

The impact fees calculated in this chapter are based the current estimated cost of community and recreation center facilities. We recommend that the fees be reviewed annually and adjusted as needed using local cost data or an index such as the *Engineering News Record* Construction Cost Index (CCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed;
and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new residential development on the need for community and recreation center facilities in Covina.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional community and recreation center facilities to mitigate the impacts of new residential development in the City. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional community and recreation center facilities to serve the needs of added population associated with new residential development in Covina.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for community and recreation center facilities to maintain the existing level of service as described earlier in this chapter. Without additional facilities, the increase in population associated with new residential development would result in a reduction in the level of service provided to all residents of the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees for community and recreation center facilities calculated in this chapter depends on the estimated increase in population per unit associated with each category of residential development. The fees per unit of development calculated in this chapter for each type of residential development are based on the estimated average population per unit for that type of development in Covina. Thus, the fee charged to a development project reflects the impact of that project on the need for community and recreation center facilities in the City.

Chapter 5. Libraries

This chapter calculates impact fees for library facilities and materials.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. All of the impact fees calculated in this chapter are based on the City's existing level of service (LOS) as defined in the section titled Existing Facilities and Existing Level of Service, below. Impact fees calculated in that manner are intended to provide the funding needed to maintain the existing level of service as the City grows.

Service Area

The impact fees calculated in this chapter are intended to apply to all new residential development in the City.

Demand Variable

A "demand variable" is a quantifiable attribute of development that is used in impact fee calculation formulas to represent the impact of development on a particular type of capital facilities. The demand variable used to calculate impact fees for libraries in this chapter is population. Population is used here because the need for libraries is commonly defined on the basis of the population to be served.

Impact fees calculated in this chapter for different categories of residential development vary depending on the estimated average population per unit for each category. The population per unit factors used to calculate impact fees for libraries are shown in Table 2.1 in Chapter 2.

Because population growth is driven by new residential development, the impact fees calculated in this chapter apply only to residential development.

Existing Facilities and Existing Level of Service

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. That section requires, after January 1, 2022, that the level of service used in an impact fee study must be compared with the existing level of service. If the level used in the impact fee study exceeds the existing level of service, an explanation is required. The impact fees calculated in this chapter are based on the existing level of service as shown in Table 5.2 on the next page, so there is no level-of-service issue in the calculation of impact fees in this chapter with respect to Section 66016.5.

In this chapter, the existing level of service for library facilities and materials is based on the relationship between the City's existing population and the replacement cost of existing facilities and materials. Table 5.1 lists the City's existing library assets. The library building is shown with the building replacement cost and the replacement cost of furniture, fixtures and equipment (FF&E). The impact fee cost basis is the sum of the building replacement cost and the

replacement cost of FF&E. The replacement cost of library materials (books and other items) is also shown in Table 5.1.

Table 5.1: Existing Library Facilities and Materials

Facility	Constr Date	Building Sq Ft ¹	Bldg Repl Cost ²	Site Acres ³	Site Value ⁴	FF&E Repl Cost ⁵	Impact Fee Cost Basis ⁶
Existing Library Building	1963	23,000	\$10,350,000	0.95	\$1,092,500	\$ 4,224,356	\$ 15,666,856
Existing Library Materials (102,645 Items @ average cost of \$62.95)						\$ 6,461,503	\$ 6,461,503
Library Impact Fee Fund Balance							\$ 188,509
Total							\$ 22,316,868

¹ Existing building square feet from the City's insured property schedule

² Building replacement cost from the City's insured property schedule

³ Site acreage estimated by NBS

⁴ Site value based on \$1,150,000 per acre

⁵ Replacement cost of furniture, fixtures and equipment (FF&E) based on the personal property value from the City's insured property schedule; cost of library materials from the Covina Library Services Department

⁶ Impact fee cost basis = building replacement cost + site value + FF&E replacement cost; impact fee fund balance provided by the City of Covina Finance Department

Table 5.2 calculates the City's existing level of service as a cost per capita for both library facilities and library materials. The cost per capita for each component is based on the City's existing population and the impact fee cost basis from Table 5.1.

Table 5.2: Existing Level of Service

Cost Component	Impact Fee Cost Basis ¹	Existing Population ²	Cost per Capita ³
Library Facilities	\$ 15,800,320	51,695	305.65
Library Materials	\$ 6,516,548	51,695	126.06
Total	\$ 22,316,868	51,695	431.70

¹ See Table 5.1; a prorata share of the impact fee fund balance is added to the impact fee cost basis for each cost component based on the percentage of the total cost of library facilities and materials

² See Table 2.2

³ Cost per capita = impact fee cost basis / existing population

Impact Fees per Unit

Table 5.3 calculates impact fees per unit by residential development type for library facilities. Those fees are based on the per-capita cost from Table 5.2 and population per dwelling unit factors from Table 2.1. These fees would apply only to residential development.

Table 5.3: Library Facilities Impact Fees per Unit

Development Type	Units ¹	Cost per Capita ²	Population per Unit ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$305.65	1.00	\$ 305.65
Residential: 600-800 Sq. Ft.	DU	\$305.65	1.35	\$ 412.62
Residential: >800-1,200 Sq. Ft.	DU	\$305.65	2.25	\$ 687.70
Residential: >1,200-1,900 Sq. Ft.	DU	\$305.65	3.55	\$ 1,085.04
Residential: >1,900-2,300 Sq. Ft.	DU	\$305.65	4.75	\$ 1,451.81
Residential: >2,300 Sq. Ft.	DU	\$305.65	5.75	\$ 1,757.46

¹ Units of development: DU = dwelling unit

² See Table 5.2

³ See Table 2.1

⁴ Impact fee per unit = cost per capita X population per dwelling unit

Table 5.4 calculates impact fees per unit by residential development type for library materials. Those fees are based on the per-capita cost from Table 5.2 and population per dwelling unit factors from Table 2.1. These fees would apply only to residential development.

Table 5.4: Library Materials Impact Fees per Unit

Development Type	Units ¹	Cost per Capita ²	Population per Unit ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$126.06	1.00	\$ 126.06
Residential: 600-800 Sq. Ft.	DU	\$126.06	1.35	\$ 170.18
Residential: >800-1,200 Sq. Ft.	DU	\$126.06	2.25	\$ 283.63
Residential: >1,200-1,900 Sq. Ft.	DU	\$126.06	3.55	\$ 447.50
Residential: >1,900-2,300 Sq. Ft.	DU	\$126.06	4.75	\$ 598.77
Residential: >2,300 Sq. Ft.	DU	\$126.06	5.75	\$ 724.83

¹ Units of development: DU = dwelling unit

² See Table 5.2

³ See Table 2.1

⁴ Impact fee per unit = cost per capita X population per dwelling unit

Projected Revenue

The impact fees per unit in the previous table is based on residential unit size in square feet. Although Table 2.3 in Chapter 2 shows a forecast of total future residential units to 2040, it is not possible to forecast the number of units in each unit-size category. Consequently, potential revenue from impact fees calculated in this chapter is estimated based on the population added by new development and the cost per capita for library facilities and materials.

Projected Revenue – Library Facilities. Table 5.5 calculates projected revenue for the library facilities impact fees, using the cost per capita from Table 5.2 and the added population from Table 2.3.

Table 5.5: Projected Revenue - Library Facilities Impact Fees

Development Type	Impact Fee per Capita ¹	Added Population ²	Projected Revenue ³
All Residential	\$305.65	4,192	\$ 1,281,188
Total			\$ 1,281,188

¹ See Table 5.2

² See Table 2.3

³ Projected revenue = impact fee per capita X added population

Projected Revenue – Library Materials. Table 5.6 calculates projected revenue for the library materials impact fees, using the cost per capita from Table 5.2 and the added population from Table 2.3.

Table 5.6: Projected Revenue - Library Materials Impact Fees

Development Type	Impact Fee per Capita ¹	Added Population ²	Projected Revenue ³
All Residential	\$126.06	4,192	\$ 528,402
Total			\$ 528,402

¹ See Table 5.2

² See Table 2.3

³ Projected revenue = impact fee per capita X added population

Updating the Fees

The impact fees calculated in this chapter are based the current estimated cost of library facilities and library materials. We recommend that the fees be reviewed annually and adjusted as needed using local cost data or an index such as the *Engineering News Record Construction Cost Index* (CCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed; and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new residential development on the need for library facilities and materials in Covina.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional library facilities and library materials to mitigate the impacts of new residential development in the City. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional library facilities and library materials to serve the needs of added population associated with new residential development in Covina.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for libraries to maintain the existing level of service as described earlier in this chapter. Without additional library facilities and materials, the increase in population associated with new residential development would result in a reduction in the level of service provided to all residents of the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees for library facilities and library materials calculated in this chapter depends on the estimated increase in population per unit associated with each category of residential development. The fees per unit of development calculated in this chapter for each type of residential development are based on the estimated average population per unit for that type of development in Covina. Thus, the fee charged to a development project reflects the impact of that project on the need for libraries in the City.

Chapter 6. General Government Facilities

This chapter calculates impact fees for general government facilities, including City Hall and City Yard facilities as well as vehicles and equipment used by general government departments. Where the term general government facilities is used in this chapter, it should be understood to include general government vehicles and equipment.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. All of the impact fees calculated in this chapter are based on the City's existing level of service (LOS) as defined in the section titled Existing Facilities and Existing Level of Service, below. Impact fees calculated in that manner are intended to provide the funding needed to maintain the existing level of service as the City grows.

Service Area

The impact fees calculated in this chapter are intended to apply to all new development in the City.

Demand Variable

A "demand variable" is a quantifiable attribute of development that is used in impact fee calculation formulas to represent the impact of development on a particular type of capital facilities. The demand variable used to calculate impact fees for general government facilities in this chapter is service population. As discussed in Chapter 2, service population is a composite variable that includes resident population (representing residential development) and employees of businesses in the City (representing non-residential development). The resident and employee components are weighted differently in the overall service population. See Chapter 2 for more on the weighting of those components.

Impact fees calculated in this chapter for different categories of development vary depending on the estimated service population per unit for each category. The service population per unit factors used to calculate impact fees for general government facilities are from Table 2.1 in Chapter 2.

Existing Facilities and Existing Level of Service

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. That section requires, after January 1, 2022, that the level of service used in an impact fee study must be compared with the existing level of service. If the level used in the impact fee study exceeds the existing level of service, an explanation is required. The impact fees calculated in this chapter are based on the existing level of service as shown in Table 6.3 on page 6-4, so there is no level-of-service issue in the calculation of impact fees in this chapter with respect to Section 66016.5.

In this chapter, the existing level of service for general government facilities is based on the relationship between the City’s existing service population and the replacement cost of existing facilities. Table 6.1 lists the City’s existing general government facilities. The impact fee cost basis for each building in Table 6.1 is the sum of the building replacement cost, the site value and the replacement cost of furniture, fixtures and equipment (FF&E).

Table 6.1: Existing General Government Facilities

Facility	Constr Date	Building Sq Ft ¹	Bldg Repl Cost ²	Site Acres ³	Site Value ⁴	FF&E Repl Cost ⁵	Impact Fee Cost Basis ⁶
City Hall	1990	25,625	\$ 6,791,644	0.88	\$ 1,012,000	\$ 2,458,268	\$ 10,261,912
City Yard Site				4.70	\$ 5,405,000		\$ 5,405,000
City Yard Building A	1952	3,552	\$ 550,785			\$ 119,848	\$ 670,633
City Yard Building B	1952	15,194	\$ 1,975,023			\$ 24,684	\$ 1,999,707
City Yard Building C	1970	7,440	\$ 893,150			\$ 225,789	\$ 1,118,939
City Yard Building D	1970	5,460	\$ 690,989			\$ 181,250	\$ 872,239
City Fuel Stations	1970	1,851	\$ 1,100,000				\$ 1,100,000
Civic Ctr Pkg Structure	2008	31,128	\$ 2,676,573	0.43	\$ 494,500		\$ 3,171,073
Facilities share of General Government Impact Fee Fund Balance							\$ 207,556
Total							\$24,807,059

¹ Existing buildings square feet from the City's insured property schedule; facilities share of General Government impact fee fund balance based on facilities percentage of total facilities and equipment cost

² Building replacement cost from the City's insured property schedule or the Covina Public Works Dept.

³ Site acres provided by the Covina City Engineer or estimated by NBS

⁴ Site value based on \$1,150,000 per acre

⁵ Replacement cost of furniture, fixtures and equipment (FF&E) based on the personal property cost from the City's insured property schedule

⁶ Impact fee cost basis = building replacement cost + furniture, fixtures and equipment replacement cost; impact fee fund balance provided by the City of Covina Finance Department

Table 6.2 Table on the next page is a list of existing general government vehicles and equipment with their replacement costs. Replacement cost is used in this study as an indication of the cost of additional facilities and equipment that will be needed to serve future development.

Table 6.2: Existing General Government Vehicles and Equipment

Description	Model Year	Department	Replacement Cost ¹
2020 Mitsubishi Outlander PHEV	2020	PW Admin.	\$ 48,000
2020 Mitsubishi Outlander PHEV	2020	PW Admin.	\$ 48,000
2017 Chevrolet Bolt EV	2017	PW Admin.	\$ 45,000
2020 Nissan Leaf	2020	Env. Services	\$ 45,000
2004 GMC Savana w/ 10'Box	2004	Bldg. Maint.	\$ 45,000
2014 Ford C-Max Hybrid	2014	Bldg. Maint.	\$ 29,000
Ford E-150 VAN	1999	Bldg. Maint.	\$ 45,000
Ford F550 4X2 Crew Cab Dump Truck	2020	Streets	\$ 97,500
Fabrique Par/Nat'l Signal Arrowboard Trailer	2019	Streets	\$ 8,500
Wacker Riding Roller RD880V	1997	Streets	\$ 19,500
Wacker Tilt Trailer T4000	1997	Streets	\$ 8,500
Allmand Eclipse Light Trailer	2000	Streets	\$ 6,500
GMC 2500HD Sierra Service Body w. Liftgate	2004	Streets	\$ 47,500
BobCat Skid Steer S250	2006	Streets	\$ 28,500
Chevrolet 3500HD	2007	Streets	\$ 42,500
GMC TC7500 Reg. Cab	2009	Streets	\$ 198,500
Case 580N Backhoe	2014	Streets	\$ 98,200
GMC Sierra 3500 Stake Bed Dump	2014	Streets	\$ 59,500
Ford F250 Super Duty (2)	2015	Streets	\$ 57,500
BobCat 72" Sweeper Box	2006	Streets	\$ 10,500
BobCat 24" Planer	2006	Streets	\$ 11,200
BobCat 74" Combo Bucket Hydraulic	2006	Streets	\$ 8,350
BobCat HB980 Breaker Hydraulic	2006	Streets	\$ 8,350
BobCat 74" Construction / HD Bucket	2006	Streets	\$ 9,200
Bomag BW55E Walk-behind Roller	2006	Streets	\$ 19,250
Edco CMP-8 Concrete Planer	2006	Streets	\$ 7,800
Rayco / RG25HD-NT Stump Grinder	2008	Streets	\$ 10,900
Wanco Message Board	2021	Streets	\$ 10,500
Equipment share of General Government Impact Fee Fund Balance			\$ 9,060
Total			\$ 1,082,810

¹ Replacement cost estimated by the City of Covina Public Works Department; equipment share of General Government impact fee fund balance based on equipment percentage of total facilities and equipment cost; impact fee fund balance provided by the City of Covina Finance Department

6.3 calculates the City's existing level of service as a cost per capita for general government facilities. The cost per capita is based on the City's existing service population and the cost of existing facilities, vehicles and equipment from Tables 6.1 and 6.2.

Table 6.3: Cost per Capita - General Gov't Facilities & Vehicles

Cost Component	Impact Fee Cost Basis ¹	Existing Service Population ²	Cost per Capita ³
Facilities	\$ 24,807,059	66,878	\$ 370.93
Vehicles and Equipment	\$ 1,082,810	66,878	\$ 16.19
Total	\$ 25,889,869	66,878	\$ 387.12

¹ See Tables 6.1 and 6.2

² See Table 2.2

³ Cost per capita = impact fee cost basis / existing population

Impact Fees per Unit

Table 6.4 calculates impact fees per unit by development type for general government facilities. Those fees are based on the per-capita costs from Table 6.3 and service population per unit factors from Table 2.1. Because the cost per capita for general government vehicles and equipment in Table 6.3 is such a small number, it is combined with the per-capita cost for general government facilities to calculate the impact fees in Table 6.4.

Although impact fees are shown here for the Public/Quasi-Public category, the City does not have the authority to impose most impact fees on public schools or on projects constructed by other governmental entities. In addition, projects such as churches, hospitals and private schools, which are not legally exempt from impact fees, may vary in their impacts and may require that impact fees be based on their actual impact, such as the service population they generate.

Table 6.4: General Government Facilities Impact Fees per Unit

Development Type	Units ¹	Cost per Capita ²	Service Pop per Unit ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$387.12	1.00	\$ 387.12
Residential: 600-800 Sq. Ft.	DU	\$387.12	1.35	\$ 522.61
Residential: >800-1,200 Sq. Ft.	DU	\$387.12	2.25	\$ 871.02
Residential: >1,200-1,900 Sq. Ft.	DU	\$387.12	3.55	\$ 1,374.28
Residential: >1,900-2,300 Sq. Ft.	DU	\$387.12	4.75	\$ 1,838.82
Residential: >2,300 Sq. Ft.	DU	\$387.12	5.75	\$ 2,225.94
Commercial	KSF	\$387.12	2.22	\$ 859.41
Office	KSF	\$387.12	1.62	\$ 627.14
Industrial	KSF	\$387.12	0.59	\$ 228.40
Public/Quasi-Public Facilities	KSF	\$387.12	1.62	\$ 627.14

¹ Units of development: DU = dwelling unit

² See Table 6.3; the cost per capita in this table is the sum of the cost per capita numbers for general government facilities and general government vehicles and equipment

³ See Table 2.1

⁴ Impact per unit = cost per capita X population per dwelling unit

Projected Revenue

As noted in Chapter 2, this study includes a forecast of future residential development, but no forecast of future non-residential development. Consequently, the revenue projections in this section are based only on future residential development.

The residential impact fees per unit in Table 6.4 are based on residential unit size in square feet. Although Table 2.3 in Chapter 2 shows a forecast of total future residential units to 2040, it is not possible to forecast the number of units in each unit-size category. Consequently, potential revenue from residential impact fees calculated in Table 6.5 is based on the service population added by new residential development and the cost per capita for general government facilities, vehicles and equipment. Any impact fee revenue from future non-residential development in Covina would be in addition to the amount projected in Table 6.5.

Table 6.5: Projected Revenue - General Gov't Facilities Impact Fees

Development Type	Impact Fee per Capita ¹	Added Service Population ²	Projected Revenue ³
All Residential	\$387.12	4,192	\$ 1,622,714
Total			\$ 1,622,714

¹ See Table 6.4

² See Table 2.3

³ Projected revenue = impact fee per capita X added population

Updating the Fees

The impact fees calculated in this chapter are based on the current estimated cost of general government facilities, vehicles and equipment. We recommend that the fees be reviewed annually and adjusted as needed using local cost data or an index such as the *Engineering News Record* Construction Cost Index (CCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
 - b. The need for the facility and the type of development on which the fee is imposed;
- and

- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new development on the need for general government facilities in Covina.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional general government facilities to mitigate the impacts of new development in the City. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional general government facilities, vehicles and equipment to serve the needs of new development in Covina.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for general government facilities to maintain the existing level of service as described earlier in this chapter. Without additional general government facilities, the increase in demand associated with new development would result in a reduction in the level of service provided to all development the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees for general government facilities calculated in this chapter depends on the estimated increase in service population per unit associated with each category of development. The fees per unit of development calculated in this chapter for each type of development are based on the estimated average service population per unit for that type of development in Covina. Thus, the fee charged to a development project reflects the impact of that project on the need for general government facilities in the City.

Chapter 7. Police Department Facilities

This chapter calculates impact fees for Police Department facilities in Covina. Where the term Police facilities is used in this chapter, it should be understood to include vehicles and equipment.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. All of the impact fees calculated in this chapter are based on the City's existing level of service (LOS) as defined in the section titled Existing Facilities and Existing Level of Service, below. Impact fees calculated in that manner are intended to provide the funding needed to maintain the existing level of service as the City grows.

Service Area

The impact fees calculated in this chapter are intended to apply to all new development in the City.

Demand Variable

A "demand variable" is a quantifiable attribute of development that is used in impact fee calculation formulas to represent the impact of development on a particular type of capital facilities. The demand variable used to calculate impact fees for Police facilities in this chapter is calls for service per year.

Impact fees calculated in this chapter for different categories of development vary depending on the number of calls for service per unit per year generated by each category. The calls-for-service-per-unit-per-year factors used to calculate impact fees for Police facilities in this study are derived from analysis of a random sample of all of the City's police calls for service for calendar year 2021. The Covina Police Department logged 36,350 calls for service in 2021. NBS took a random sample of 725 of those calls and classified them by the type of development where the call originated. Of the 725 sampled calls, 145 could not be classified because they were not associated with a specific address. Statistically, the remaining 580 calls represent a sample large enough to reach a margin of error of 4% at a 95% confidence level.

The sampled calls were used to determine the percentage of all calls generated by various types of development. Those percentages were applied to the total number of 2021 calls to determine the number of calls associated with each type of development. Then, the number of calls for each development type was divided by the number of existing units of that type to arrive at a calls-per-unit-per-year factor for each type of development.

For residential development, police calls for service could not be identified for each unit-size category used in this study, so calls-per-unit-per-year factors were calculated for single-family, multi-family and mobile home unit types. The range of factors for those unit types was then used to establish a range of factors for all residential unit size categories used in this study as shown

in Table 2.1 in Chapter 2 and in Table 7.4 in this chapter. It should also be noted that calls for service to parks and schools were reallocated to residential development which creates the need for the parks and schools.

Existing Facilities and Existing Level of Service

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. That section requires, after January 1, 2022, that the level of service used in an impact fee study must be compared with the existing level of service. If the level used in the impact fee study exceeds the existing level of service, an explanation is required. The impact fees calculated in this chapter are based on the existing level of service as shown in Table 7.3 on page 7-4, so there is no level-of-service issue in the calculation of impact fees in this chapter with respect to Section 66016.5.

In this chapter, the existing level of service for Police facilities is based on the relationship between the current number of calls for service per year and the replacement cost of existing facilities. Table 7.1 lists the City’s existing Police buildings. The impact fee cost basis for each building in Table 7.1 is the sum of the building replacement cost, site value and the replacement cost of furniture, fixtures and equipment (FF&E).

Table 7.1: Existing Police Department Facilities

Facility	Constr Date	Building Sq Ft ¹	Bldg Repl Cost ²	Site Acres ³	Site Value ⁴	FF&E Repl Cost ⁵	Impact Fee Cost Basis ⁶
Police-Fire Admin Bldg	1976	18,444	\$4,214,678	1.60	\$1,840,000	\$4,240,612	\$10,295,290
Police Dept Storage Bldg	1970	5,250	65,013	N/A			\$ 65,013
Facilities share of Police Impact Fee Fund Balance							\$ 55,299
Total							\$10,415,602

¹ Admin building square footage reflects Police Department share of total building area; total square footage is 20,444 from the City's insured property schedule; LA County Fire Department occupies approximately 2,000 square feet; facilities share of the police impact fee fund balance based on facilities share of total facilities and vehicles/equipment cost

² Building replacement cost is the Police Department share of the total replacement cost shown in the City's insured property schedule

³ Site acres reflects Police Department portion of the Police-Fire Administration Building site; site acreage estimated by NBS from satellite photos

⁴ Site value based on \$1,150,000 per acre

⁵ Replacement cost of furniture, fixtures and equipment (FF&E) based on the personal property cost from the City's insured property schedule

⁶ Impact fee cost basis = building replacement cost + furniture, fixtures and equipment replacement cost

Table 7.2 is a list of existing Police vehicles and equipment with their replacement costs. Replacement cost is used in this study as an indication of the cost of additional facilities and equipment that will be needed to serve future development.

Table 7.2: Existing Police Department Vehicles and Equipment

Quantity	Model Year	Make	Assignment	Unit Repl Cost	Total Repl Cost
1	2000	Ford	CS3	\$ 30,000	\$ 30,000
1	2002	Ford	CS2	\$ 30,000	\$ 30,000
2	2003	Ford	Patrol	\$ 68,000	\$ 136,000
2	2004	Ford	Patrol/CS4	\$ 68,000	\$ 136,000
1	2005	Ford	Supervisor	\$ 68,000	\$ 68,000
1	2005	Jeep	Parking Enf	\$ 35,000	\$ 35,000
1	2009	Ford	Patrol	\$ 68,000	\$ 68,000
1	2009	Toyota	CS4	\$ 30,000	\$ 30,000
9	2011	Ford	Patrol	\$ 68,000	\$ 612,000
1	2012	Chev	Patrol	\$ 68,000	\$ 68,000
1	2013	Ford	Patrol	\$ 68,000	\$ 68,000
1	2014	Ford	Patrol	\$ 68,000	\$ 68,000
2	2015	Ford	K9/Patrol	\$ 68,000	\$ 136,000
1	2015	Toyota	CS1	\$ 30,000	\$ 30,000
1	2017	Ford	Traffic	\$ 68,000	\$ 68,000
1	2018	Chev	Supervisor	\$ 68,000	\$ 68,000
1	2019	Ford	K9	\$ 68,000	\$ 68,000
2	2020	Ford	Patrol	\$ 68,000	\$ 136,000
100	Portable Police Radios			\$ 8,000	\$ 800,000
1	Motorola Dispatch Consoles			Lump Sum	\$ 497,000
1	CAD RMS System			Lump Sum	\$ 750,000
59	Sworn Officer Personal Safety Equipt.			\$ 4,000	\$ 236,000
Vehicles/equipment share of Police impact fee fund balance					\$ 22,087
Total					\$ 4,160,087

Source: City of Covina Police Department; vehicles and equipment share of Police impact fee fund balance based on vehicles and equipment percentage of total facilities and vehicles and equipment cost

Table 7.3 calculates the City’s existing level of service as a cost per call for service for Police facilities. The cost per call is based on 2021 calls for service and the cost of existing facilities, vehicles and equipment from Tables 7.1 and 7.2.

Table 7.3: Cost per Call - Police Dept. Facilities & Vehicles

Cost Component	Impact Fee Cost Basis ¹	Existing Calls for Svc per Year ²	Cost per Call ³
Facilities	\$ 10,415,602	36,350	\$ 286.54
Vehicles/Equipment	\$ 4,160,087	36,350	\$ 114.45
Total	\$ 14,575,689	36,350	\$ 400.98

¹ See Tables 7.1 and 7.2

² See Table 2.2

³ Cost per call = impact fee cost basis / existing calls per year

Impact Fees per Unit

Table 7.4 calculates impact fees per unit by development type for Police facilities. Those fees are based on the cost per call from Table 7.3 and calls-for-service-per-unit-per-year factors from Table 2.1.

Although impact fees are shown here for the Public/Quasi-Public category, the City does not have the authority to impose most impact fees on public schools or on projects constructed by other governmental entities. In addition, projects such as churches, hospitals and private schools, which are not legally exempt from impact fees, may vary in their impacts and may require that impact fees be based on their actual impact, such as the number of calls for service they generate.

Table 7.4: Police Impact Fees per Unit

Development Type	Units ¹	Cost per Call ²	Calls per Unit per Year ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$400.98	0.87	\$ 348.85
Residential: 600-800 Sq. Ft.	DU	\$400.98	0.92	\$ 368.90
Residential: >800-1,200 Sq. Ft.	DU	\$400.98	0.97	\$ 388.95
Residential: >1,200-1,900 Sq. Ft.	DU	\$400.98	1.02	\$ 409.00
Residential: >1,900-2,300 Sq. Ft.	DU	\$400.98	1.07	\$ 429.05
Residential: >2,300 Sq. Ft.	DU	\$400.98	1.12	\$ 449.10
Commercial	KSF	\$400.98	4.95	\$ 1,983.38
Office	KSF	\$400.98	0.40	\$ 159.87
Industrial	KSF	\$400.98	0.21	\$ 82.97
Public/Quasi-Public Facilities	KSF	\$400.98	2.33	\$ 935.85

¹ Units of development: DU = dwelling unit; KSF = 1,000 square feet of building floor area

² See Table 7.3

³ See Table 2.1

⁴ Impact per unit = cost per call X calls per unit per year

Projected Revenue

As noted in Chapter 2, this study includes a forecast of future residential development, but no forecast of future non-residential development. Consequently, the revenue projections in this section are based only on future residential development.

The residential impact fees per unit in Table 7.4 are based on residential unit size in square feet. Although Table 2.3 in Chapter 2 shows a forecast of total future residential units to 2040, it is not possible to forecast the number of units in each unit-size category. Consequently, potential revenue from residential impact fees calculated in Table 7.5 is based on the cost per call for service, the average calls per service per residential unit and the number of future residential units. Any impact fee revenue from future non-residential development in Covina would be in addition to the amount projected in Table 7.5.

Table 7.5: Projected Revenue - Police Impact Fees

Development Type	Cost per Call ¹	Avg Calls per Res. Unit ²	Added Res. Units ³	Projected Revenue ⁴
All Residential	\$400.98	1.1	1,863	\$ 821,732
Total				\$ 821,732

¹ See Table 7.3

² Average calls per residential unit estimated by NBS; see calls per unit per year factors in Table 2.1

³ See Table 2.3

⁴ Projected revenue = cost per call X calls per residential unit per year X added residential units

Updating the Fees

The impact fees calculated in this chapter are based the current estimated cost of Police facilities, vehicles and equipment. We recommend that the fees be reviewed annually and adjusted as needed using local cost data or an index such as the *Engineering News Record* Construction Cost Index (CCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
 - b. The need for the facility and the type of development on which the fee is imposed;
- and

- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new development on the need for Police facilities in Covina.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional or improved Police facilities, and additional vehicles and equipment to mitigate the impacts of new development in the City. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional or improved Police facilities, and additional vehicles and equipment to serve the needs of new development in Covina.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for Police facilities to maintain the existing level of service as described earlier in this chapter. Without additional or improved Police facilities, the increase in demand associated with new development would result in a reduction in the level of service provided to all development the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees for Police facilities calculated in this chapter depends on the number of calls for service per unit per year associated with each category of development. The fees per unit of development calculated in this chapter for each type of development are based on the estimated number of calls per unit per year associated with that type of development in Covina. Thus, the fee charged to a development project reflects the impact of that project on the need for Police facilities in the City.

Chapter 8. Fire Protection Facilities

This chapter calculates impact fees for Fire Department facilities in Covina. Covina contracts with the Los Angeles County Fire department to provide fire protection and emergency response services to the City. The City owns all three fire stations in the City as well as the Police-Fire Administration Building which is partly occupied by Fire Department staff. The County Fire Department owns the apparatus and vehicles assigned to Covina. Those assets will not be addressed in this study.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. All of the impact fees calculated in this chapter are based on the City's existing level of service (LOS) as defined in the section titled Existing Facilities and Existing Level of Service, below. Impact fees calculated in that manner are intended to provide the funding needed to maintain the existing level of service as the City grows.

Service Area

The impact fees calculated in this chapter are intended to apply to all new development in the City.

Demand Variable

A "demand variable" is a quantifiable attribute of development that is used in impact fee calculation formulas to represent the impact of development on a particular type of capital facilities. The demand variable used to calculate impact fees for Fire department facilities in this chapter is calls for service per year.

Impact fees calculated in this chapter for different categories of development vary depending on the number of calls for service per unit per year generated by each category. The calls-for-service-per-unit-per-year factors used to calculate impact fees for Fire Department facilities in this study are derived from analysis of a random sample of all of the Fire Department calls for service for calendar year 2021. The Los Angeles County Fire Department logged 5,138 calls for service in Covina in 2021. A list of those calls was provided to the City with locations indicated by geographic coordinates. The City converted the locations into addresses using a GIS program.

NBS took a random sample of 425 of those calls and classified them by the type of development where the call originated. Of the 425 sampled calls, 33 could not be classified because of apparent address errors. Statistically, the remaining 392 calls represent a sample large enough to reach a margin of error of 4.75% at a 95% confidence level.

The sampled calls were used to determine the percentage of all calls generated by various types of development. Those percentages were applied to the total number of 2021 calls to determine the number of calls associated with each type of development. Then, the number of calls for each

development type was divided by the number of existing units of that type to arrive at a calls-per-unit-per year factor for each type of development.

For residential development, Fire Department calls for service could not be identified for each unit-size category used in this study, so calls-per-unit-per-year factors were calculated for single-family, multi-family and mobile home unit types. The range of factors for those unit types was then used to establish a range of factors for all residential unit size categories used in this study as shown in Table 2.1 in Chapter 2 and in Table 8.3 in this chapter. It should also be noted that calls for service to parks and schools were reallocated to residential development which creates the need for the parks and schools.

Existing Facilities and Existing Level of Service

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. That section requires, after January 1, 2022, that the level of service used in an impact fee study must be compared with the existing level of service. If the level used in the impact fee study exceeds the existing level of service, an explanation is required. The impact fees calculated in this chapter are based on the existing level of service as shown in Table 8.2 on the next page, so there is no level-of-service issue in the calculation of impact fees in this chapter with respect to Section 66016.5.

In this chapter, the existing level of service for Fire Department facilities is based on the relationship between the current number of calls for service per year and the replacement cost of existing facilities. Table 8.1 lists the City-owned buildings used by the Los Angeles County Fire Department to serve the City of Covina. The impact fee cost basis for each building in Table 8.1 is the sum of the building replacement cost and site value.

Table 8.1: Existing Fire Department Facilities

Facility	Constr Date	Building Sq Ft ¹	Bldg Repl Cost ²	Site Acres ³	Site Value ⁴	FF&E Repl Cost ⁵	Impact Fee Cost Basis ⁶
Police-Fire Admin Bldg	1976	2,000	\$ 457,024	0.17	\$ 195,500	\$ 0	\$ 652,524
Fire Station #152	1958	4,552	\$ 1,113,305	0.90	\$1,035,000	\$ 0	\$ 2,148,305
Fire Station #153	1961	4,552	\$ 1,113,305	1.14	\$1,311,000	\$ 0	\$ 2,424,305
Training Tower	1965	686	103,418	Included		\$ 0	\$ 103,418
Fire Station #154	1976	10,834	\$ 2,944,474	0.69	\$ 793,500	\$ 0	\$ 3,737,974
Fire impact fee fund balance							\$ 108,873
Total							\$ 9,175,399

¹ Admin building square footage reflects Fire Department share of total building area; total square footage is 20,444 from the City's insured property schedule

² Building replacement cost is the Fire Department share of the total replacement cost shown in the City's insured property schedule

³ Site acres estimated by NBS based on satellite photos

⁴ Site value based on \$1,150,000 per acre

⁵ Furniture, fixtures and equipment (FF&E) located in Fire Department buildings are assumed to be property of the Los Angeles County Fire Department which operates those facilities

⁶ Impact fee cost basis = building replacement cost + site value; impact fee fund balance provided by the City of Covina Finance Department

Table 8.2 calculates the City's existing level of service as a cost per call for service for Fire Department facilities. The cost per call is based on 2021 calls for service and the cost of existing facilities from Table 8.1.

Table 8.2: Cost per Call - Fire Department Facilities

Impact Fee Cost Basis ¹	Existing Calls for Svc per Year ²	Cost per Call ³
\$9,175,399	5,160	\$1,778.13

¹ See Table 8.1

² See Table 2.2

³ Cost per call = impact fee cost basis / existing calls for service per year

Impact Fees per Unit

Table 8.3 calculates impact fees per unit by development type for Fire Department facilities. Those fees are based on the cost per call from Table 8.2 and calls-for-service-per-unit-per-year factors from Table 2.1.

Although impact fees are shown here for the Public/Quasi-Public category, the City does not have the authority to impose most impact fees on public schools or on projects constructed by other governmental entities. In addition, projects such as churches, hospitals and private schools,

which are not legally exempt from impact fees, may vary in their impacts and may require that impact fees be based on their actual impact, such as the number of peak hour trips they generate.

Table 8.3: Fire Impact Fees per Unit

Development Type	Units ¹	Cost per Call ²	Calls per Unit per Year ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$1,778.13	0.09	\$ 160.03
Residential: 600-800 Sq. Ft.	DU	\$1,778.13	0.13	\$ 231.16
Residential: >800-1,200 Sq. Ft.	DU	\$1,778.13	0.17	\$ 302.28
Residential: >1,200-1,900 Sq. Ft.	DU	\$1,778.13	0.21	\$ 373.41
Residential: >1,900-2,300 Sq. Ft.	DU	\$1,778.13	0.25	\$ 444.53
Residential: >2,300 Sq. Ft.	DU	\$1,778.13	0.29	\$ 515.66
Commercial	KSF	\$1,778.13	0.28	\$ 497.88
Office	KSF	\$1,778.13	0.10	\$ 177.81
Industrial	KSF	\$1,778.13	0.07	\$ 124.47
Public/Quasi-Public Facilities	KSF	\$1,778.13	0.42	\$ 746.82

¹ Units of development: DU = dwelling unit; KSF = 1,000 square feet of building floor area

² See Table 8.2

³ See Table 2.1

⁴ Impact per unit = cost per call X calls per unit per year

Projected Revenue

As noted in Chapter 2, this study includes a forecast of future residential development, but no forecast of future non-residential development. Consequently, the revenue projections in this section are based only on future residential development.

The residential impact fees per unit in Table 8.4 are based on residential unit size in square feet. Although Table 2.3 in Chapter 2 shows a forecast of total future residential units to 2040, it is not possible to forecast the number of units in each unit-size category. Consequently, potential revenue from residential impact fees calculated in Table 8.5 is based on the cost per call for service, the average calls per service per residential unit and the number of future residential units. Any impact fee revenue from future non-residential development in Covina would be in addition to the amount projected in Table 8.5

Table 8.4: Projected Revenue - Fire Impact Fees

Development Type	Cost per Call ¹	Avg Calls per Res. Unit ²	Added Res. Units ³	Projected Revenue ⁴
All Residential	\$1,778.13	0.2	1,863	\$ 662,532
Total				\$ 662,532

¹ See Table 8.3

² Average calls per residential unit estimated by NBS; see calls per unit per year factors in Table 2.1

³ See Table 2.3

⁴ Projected revenue = cost per call X calls per residential unit per year X added residential units

Updating the Fees

The impact fees calculated in this chapter are based the current estimated cost of Fire Department facilities. We recommend that the fees be reviewed annually and adjusted as needed using local cost data or an index such as the *Engineering News Record* Construction Cost Index (CCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed; and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new development on the need for Fire Department facilities in Covina.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional or improved Fire Department facilities to mitigate the impacts of new development in the City. As

provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional or improved Fire Department facilities to serve the needs of new development in Covina.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for Fire Department facilities to maintain the existing level of service as described earlier in this chapter. Without additional or improved Fire Department facilities, the increase in demand associated with new development would result in a reduction in the level of service provided to all development the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees for Fire Department facilities calculated in this chapter depends on the number of calls for service per unit per year associated with each category of development. The fees per unit of development calculated in this chapter for each type of development are based on the estimated number of calls per unit per year associated with that type of development in Covina. Thus, the fee charged to a development project reflects the impact of that project on the need for Fire Department facilities in the City.

Chapter 9. Street Improvements and Traffic Signals

This chapter calculates impact fees for street improvements and traffic signals in Covina.

Methodology

This chapter calculates impact fees using the standard-based method discussed in Chapter 1. Standard-based fees are calculated using a specified relationship or standard that determines the number of service units to be provided for each unit of development. The impact fees calculated in this chapter are based on the City's existing level of service (LOS) as defined in the section titled Existing Facilities and Existing Level of Service, below. Impact fees calculated in that manner are intended to provide the funding needed to maintain the existing level of service as the City grows.

Service Area

The impact fees calculated in this chapter are intended to apply to all new development in the City.

Demand Variable

A "demand variable" is a quantifiable attribute of development that is used in impact fee calculation formulas to represent the impact of development on a particular type of capital facilities. The demand variable used to calculate impact fees for streets and traffic signals in this chapter is peak hour trips per day.

Impact fees calculated in this chapter for different categories of development vary depending on the number of peak hour trips per day generated by each category. The peak hour trip factors used to calculate impact fees for streets and traffic signals in this study are based on the Institute of Transportation Engineers (ITE) weekday p.m. peak hour rate from the 11th edition of *Trip Generation*.

Existing Facilities and Existing Level of Service

In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. That section requires, after January 1, 2022, that the level of service used in an impact fee study must be compared with the existing level of service. If the level used in the impact fee study exceeds the existing level of service, an explanation is required. The impact fees calculated in this chapter are based on the existing level of service as shown in Table 9.3 on the next page, so there is no level-of-service issue in the calculation of impact fees in this chapter with respect to Section 66016.5.

In this chapter, the existing level of service for streets and traffic signals is based on the relationship between the number of peak hour trips per day generated by existing development in Covina and the replacement cost of existing arterial and collector streets and traffic signals. Table 9.1 calculates the replacement cost of the City's existing arterial and collector streets. That cost is shown in Table 9.1 as the impact fee cost basis. No right-of-way costs are included in the impact fees calculated in this chapter. Replacement cost is used here to reflect the cost of constructing additional street improvements needed to serve new development.

Table 9.1: Existing Arterial and Collector Streets

Lane-Miles of Existing Arterial/Collector Streets ¹	Cost per Lane-Mile ²	Impact Fee Cost Basis ³
141.3	\$2,500,000	\$ 353,250,000.00
Facilities share of street impact fee fund balance		\$ 771,286.26
Total		\$ 354,021,286.26

¹ Lane-Miles of existing arterial and collector streets based on data from the Covina 2020-2025 Pavement Management Program

² Replacement cost per lane-mile estimated by the Covina City Engineer

³ Impact fee cost basis = lane miles of existing arterial/collector streets X replacement cost per lane-mile; impact fee fund balance provided by the City of Covina Finance Department; the streets share of the impact fee fund balance based on the streets percentage of the total streets and traffic signals cost

Table 9.2 calculates the replacement cost of the City’s existing traffic signals. That cost is shown in Table 9.2 as the impact fee cost basis.

Table 9.2: Existing Traffic Signals

Number of Existing Traffic Signals ¹	Average Cost per Traffic Signal ¹	Impact Fee Cost Basis ²
51	\$800,000	\$ 40,800,000.00
Signals share of street impact fee fund balance		\$ 89,082.74
Total		\$ 40,889,082.74

¹ Number of existing traffic signals and average cost per signal provided by the Covina City Engineer

² Impact fee cost basis = number of traffic signals X average replacement cost per signal; traffic signals share of street impact fee fund balance based on traffic signals percentage of total streets and traffic signals cost

Table 9.3 calculates the City’s existing level of service as a cost per peak hour trip for arterial and collector streets and traffic signals. The cost per peak hour trip is based on the number of existing peak hour trips and the impact fee cost basis for existing streets and signals from Tables 9.1 and 9.2.

Table 9.3: Streets and Traffic Signals - Cost per Peak Hour Trip

Cost Component	Impact Fee Cost Basis ¹	Existing Peak Hour Trips ²	Cost per Peak Hour Trip ³
Arterial/Collector Streets	\$ 354,021,286	27,318	\$ 12,959.31
Traffic Signals	\$ 40,889,083	27,318	\$ 1,496.79
Total	\$ 394,910,369	27,318	\$ 14,456.10

¹ See Tables 9.1 and 9.2

² See Table 2.2

³ Cost per peak hour trip = impact fee cost basis / existing peak hour trips

Impact Fees per Unit

Table 9.4 calculates impact fees per unit by development type for arterials and collector streets. Those fees are based on the cost per peak hour trip from Table 9.3 and peak hour trips per unit factors from Table 2.1.

Although impact fees are shown here for the Public/Quasi-Public category, the City does not have the authority to impose most impact fees on public schools or on projects constructed by other governmental entities. In addition, projects such as churches, hospitals and private schools, which are not legally exempt from impact fees, may vary in their impacts and may require that impact fees be based on their actual impact, such as the number of peak hour trips they generate.

Table 9.4: Arterial and Collector Streets - Impact Fees per Unit

Development Type	Units ¹	Cost per Peak Hour Trip ²	Peak Hour Trips per Unit ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$12,959.31	0.44	\$ 5,702.10
Residential: 600-800 Sq. Ft.	DU	\$12,959.31	0.56	\$ 7,257.21
Residential: >800-1,200 Sq. Ft.	DU	\$12,959.31	0.70	\$ 9,071.52
Residential: >1,200-1,900 Sq. Ft.	DU	\$12,959.31	0.85	\$ 11,015.41
Residential: >1,900-2,300 Sq. Ft.	DU	\$12,959.31	0.99	\$ 12,829.72
Residential: >2,300 Sq. Ft.	DU	\$12,959.31	1.10	\$ 14,255.24
Commercial	KSF	\$12,959.31	2.29	\$ 29,624.98
Office	KSF	\$12,959.31	1.15	\$ 14,903.21
Industrial	KSF	\$12,959.31	0.41	\$ 5,313.32
Public/Quasi-Public Facilities	KSF	\$12,959.31	1.15	\$ 14,903.21

¹ Units of development: DU = dwelling unit; KSF = 1,000 square feet of building floor area

² See Table 9.3

³ See Table 2.1

⁴ Impact per unit = cost per peak hour trip X peak hour trips per unit

Table 9.5 calculates impact fees per unit by development type for traffic signals. Those fees are based on the cost per peak hour trip from Table 9.3 and peak hour trips per unit factors from Table 2.1.

Table 9.5: Traffic Signals - Impact Fees per Unit

Development Type	Units ¹	Cost per Peak Hour Trip ²	Peak Hour Trips per Unit ³	Impact Fee per Unit ⁴
Residential: <600 Sq. Ft.	DU	\$1,496.79	0.44	\$ 658.59
Residential: 600-800 Sq. Ft.	DU	\$1,496.79	0.56	\$ 838.20
Residential: >800-1,200 Sq. Ft.	DU	\$1,496.79	0.70	\$ 1,047.75
Residential: >1,200-1,900 Sq. Ft.	DU	\$1,496.79	0.85	\$ 1,272.27
Residential: >1,900-2,300 Sq. Ft.	DU	\$1,496.79	0.99	\$ 1,481.82
Residential: >2,300 Sq. Ft.	DU	\$1,496.79	1.10	\$ 1,646.47
Commercial	KSF	\$1,496.79	2.29	\$ 3,421.65
Office	KSF	\$1,496.79	1.15	\$ 1,721.30
Industrial	KSF	\$1,496.79	0.41	\$ 613.68
Public/Quasi-Public Facilities	KSF	\$1,496.79	1.15	\$ 1,721.30

¹ Units of development: DU = dwelling unit; KSF = 1,000 square feet of building floor area

² See Table 9.3

³ See Table 2.1

⁴ Impact per unit = cost per peak hour trip X peak hour trips per unit

Projected Revenue

As noted in Chapter 2, this study includes a forecast of future residential development, but no forecast of future non-residential development. Consequently, the revenue projections in this section are based only on future residential development.

The residential impact fees per unit in Tables 9.4 and 9.5 are based on residential unit size in square feet. Although Table 2.3 in Chapter 2 shows a forecast of total future residential units to 2040, it is not possible to forecast the number of units in each unit-size category. Consequently, potential revenue from residential impact fees calculated in Tables 9.6 and 9.7 are based on the cost per peak hour trip and the number of added peak hour trips to 2040. Any impact fee revenue from future non-residential development in Covina would be in addition to the amounts projected in Tables 9.6 and 9.7

Table 9.6 projects impact fee revenue from future residential development using the cost per peak hour trip for arterial and collector streets and the number of added peak hour trips to 2040.

Table 9.6: Projected Revenue - Street Impact Fees

Development Type	Cost per Peak Hour Trip ¹	Added Res. Peak Hour Trips ²	Projected Revenue ³
All Residential	\$12,959.31	1,304	\$ 16,898,941
Total			\$ 16,898,941

¹ See Table 9.3

² Added residential peak hour trips; see Table 2.3

⁴ Projected revenue = cost per peak hour trip X added residential peak hour trips

Table 9.7 calculates projected revenue for the traffic impact fees, using the cost per peak hour trip for traffic signals and the number of added peak hour trips to 2040.

Table 9.7: Projected Revenue - Traffic Signal Impact Fees

Development Type	Cost per Peak Hour Trip ¹	Added Res. Peak Hour Trips ²	Projected Revenue ³
All Residential	\$1,496.79	1,304	\$ 1,951,810
Total			\$ 1,951,810

¹ See Table 9.3

² Added residential peak hour trips; see Table 2.3

⁴ Projected revenue = cost per peak hour trip X added residential peak hour trips

Updating the Fees

The impact fees calculated in this chapter are based the current estimated cost of street improvements and traffic signals. We recommend that the fees be reviewed annually and adjusted as needed using local cost data or an index such as the *Engineering News Record* Construction Cost Index (CCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed; and

- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new development on the need for streets and traffic signals facilities in Covina.

Use of the Fee. Impact fees calculated in this chapter will be used to provide street improvements and traffic signals to mitigate the impacts of new development on Covina’s street system. As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide street improvements and traffic signals to mitigate the impacts of new development on Covina’s street system.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development generates additional vehicle traffic that increases the need for street capacity and traffic signals to maintain the existing level of service as described earlier in this chapter. Without additional street improvements and traffic signals, the increase in demand associated with new development would result in a reduction in the level of service provided to all development the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees for streets and traffic signals calculated in this chapter depends on the number of peak hour trips generated by each category of development. The fees per unit of development calculated in this chapter for each type of development are based on the estimated number of peak hour trips per unit associated with that type of development in Covina. Thus, the fee charged to a development project reflects the impact of that project on the need for street improvements and traffic signals in the City.

Chapter 10. Implementation

This chapter of the report contains recommendations for adoption and administration of impact fees, and for the interpretation and application of the development impact fees and in-lieu fees calculated in this study. It was not prepared by an attorney and is not intended as legal advice.

Statutory requirements for the adoption and administration of fees imposed as a condition of development approval (impact fees) are found in the Mitigation Fee Act (Government Code Sections 66000 *et seq.*).

Adoption

The form in which development impact fees are enacted should be determined by the City attorney. The specific requirements are different for impact fees under the Mitigation Fee Act, and for park land dedication and in-lieu fees under the Quimby Act. The latter requirements must be adopted by ordinance and are subject to the same noticing and public hearing procedures as any ordinance.

Procedures for adoption of fees subject to the Mitigation Fee Act, including notice and public-hearing requirements, are specified in Government Code Sections 66016 and 66018. It should be noted that Section 66018 refers to Government Code Section 6062a, which requires that the public hearing notice be published at least twice during the 10-day notice period. **However, Section 66016.5 added by AB 602 in 2021 requires that impact fee nexus studies be adopted at a public hearing with at least 30-days' notice.**

Government Code Section 66017 provides that fees subject to the Mitigation Fee Act do not become effective until 60 days after final action by the governing body.

Actions establishing or increasing fees subject to the Mitigation Act require certain findings, as set forth in Government Code Section 66001 and discussed in Chapter 1 of this report.

Examples of findings that could be used for impact fees calculated in this study are shown below. The specific language of such findings should be provided by the City Attorney. A more complete discussion of the nexus for each fee can be found in individual chapters of this report.

Sample Finding: Purpose of the Fee. The City Council finds that the purpose of the impact fees hereby enacted is to protect the public health, safety and welfare by requiring new development to contribute to the cost of public facilities needed to mitigate the impacts of new development.

Sample Finding: Use of the Fee. The City Council finds that revenue from the impact fees hereby enacted will be used to provide public facilities needed to mitigate the impacts of

new development in the City and identified in the 2023 City of Covina Development Impact Fee Study by NBS.²

Sample Finding: Reasonable Relationship: Based on analysis presented in the 2023 City of Covina Development Impact Fee Study by NBS, the City Council finds that there is a reasonable relationship between:

- a. The use of the fees and the types of development projects on which they are imposed; and,
- b. The need for facilities and the types of development projects on which the fees are imposed.

Administration

The California Mitigation Fee Act (Government Code Sections 66000 et seq.) mandates procedures for administration of impact fee programs, including collection and accounting, reporting, and refunds. References to code sections in the following paragraphs pertain to the California Government Code.

Notices and Statute of Limitations. Section 66006 (f) provides that a local agency, at the time it imposes a fee for public improvements on a specific development project, "... shall identify the public improvement that the fee will be used to finance." The required notification could refer to the improvements identified in this study or to a capital improvement plan.

Section 66020 (d) (1) requires that the agency, at the time it imposes an impact fee, provide a written statement of the amount of the fee and written notice of a 90-day period during which the imposition of the fee can be protested. Failure to protest imposition of the fee during that period may deprive the fee payer of the right to subsequent legal challenge.

Section 66022 (a) provides a separate procedure for challenging the establishment of an impact fee. Such challenges must be filed within 120 days of enactment.

Collection of Fees. Section 66007(a) provides that a local agency shall not require payment of fees by developers of residential projects prior to the date of final inspection, or issuance of a certificate of occupancy, whichever occurs first.

However, "utility service fees" (not defined, but likely referring to water and sewer connections) may be collected upon application for utility service. In a residential development project of more than one dwelling unit, Section 66007 (a) allows the agency to choose to collect fees either for

² According to Gov't Code Section 66001 (a) (2), the use of the fee may be specified in a capital improvement plan, the General Plan, or other public documents that identify the public facilities for which the fee is charged. The findings recommended here identify this impact fee study as the source of that information. Also note that Section 66016.5 (a)(6) requires that large jurisdictions adopt a capital improvement plan as part of an impact fee nexus study. That requirement applies in counties of 250,000 or more and cities in those counties.

individual units or for phases upon final inspection, or for the entire project upon final inspection of the first dwelling unit completed.

Section 66007 (b) provides two exceptions when the local agency may require the payment of fees from developers of residential projects at an earlier time: (1) when the local agency determines that the fees “will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan prior to final inspection or issuance of the certificate of occupancy” or (2) the fees are “to reimburse the local agency for expenditures previously made.”

Statutory restrictions on the time at which fees may be collected do not apply to non-residential development.

Notwithstanding the foregoing restrictions, some cities collect impact fees for all facilities at the time building or grading permits are issued, and builders may find it convenient to pay the fees at that time.

In cases where the fees are not collected upon issuance of building permits, Sections 66007 (c) (1) and (2) provide that the City may require the property owner to execute a contract to pay the fee, and to record that contract as a lien against the property until the fees are paid.

Earmarking and Expenditure of Fee Revenue. Section 66006 (a) mandates that fees be deposited “with other fees for the improvement in a separate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments, and expend those fees solely for the purpose for which the fee was collected.” Section 66006 (a) also requires that interest earned on the fee revenues be placed in the capital account and used for the same purpose.

The language of the law is not clear as to whether depositing fees “with other fees for the improvement” refers to a specific capital improvement or a class of improvements (e.g., street improvements).

We are not aware of any municipality that has interpreted that language to mean that funds must be segregated by individual projects. And, as a practical matter, that approach would be unworkable because it would mean that no pay-as-you-go project could be constructed until all benefiting development had paid the fees. Common practice is to maintain separate funds or accounts for impact fee revenues by facility category (i.e., streets, park improvements), but not for individual projects.

Impact Fee Exemptions, Reductions, and Waivers. In the event that a development project is found to have no impact on facilities for which impact fees are charged, such project must be exempted from the fees.

If a project has characteristics that will make its impacts on a particular public facility or infrastructure system significantly and permanently smaller than the average impact used to calculate impact fees in this study, the fees should be reduced accordingly to meet the requirement that there must be a reasonable relationship between the amount of the fee and

the cost of the public facility attributable to the development on which the fee is imposed. The fee reduction is required if the fee is not proportional to the impact of the development on relevant public facilities.

In some cases, an agency may desire to voluntarily waive or reduce impact fees that would otherwise apply to a project as a way of promoting goals such as affordable housing or economic development. Such a waiver or reduction is within the discretion of the governing body but may not result in increased costs to other development projects. So, the effect of such policies is that the lost revenue must be made up from sources other than impact fees.

Credit for Improvements Provided by Developers. If the City requires a developer, as a condition of project approval, to dedicate land or construct facilities or improvements for which impact fees are charged, the City should ensure that the impact fees are adjusted so that the overall contribution by the developer does not exceed the impact created by the development.

In the event that a developer voluntarily offers to dedicate land, or construct facilities or improvements in lieu of paying impact fees, the City may accept or reject such offers, and may negotiate the terms under which such an offer would be accepted. Excess contributions by a developer may be offset by reimbursement agreements.

Credit for Existing Development. If a project involves replacement, redevelopment or intensification of previously existing development, impact fees should be applied only to the portion of the project that represents a net increase in demand for relevant City facilities, applying the measure of demand used in this study to calculate that impact fee.

Annual Report. Section 66006 (b) (1) requires that once each year, within 180 days of the close of the fiscal year, the local agency must make available to the public the following information for each separate account established to receive impact fee revenues:

1. A brief description of the type of fee in the account or fund;
2. The amount of the fee;
3. The beginning and ending balance of the account or fund;
4. The amount of the fees collected and interest earned;
5. Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees;
6. Identification of the approximate date by which the construction of a public improvement will commence, if the City determines sufficient funds have been collected to complete financing of an incomplete public improvement;
7. A description of each inter-fund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvement on which the transfer or loan will be expended;

8. The amount of any refunds or allocations made pursuant to Section 66001, paragraphs (e) and (f).

The annual report must be reviewed by the City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public, per Section 66006 (b) (2).

Five-Year Findings and Refunds under the Mitigation Fee Act. Prior to 1996, The Mitigation Fee Act required that a local agency collecting impact fees was required to expend or commit impact fee revenue within five years or make findings to justify a continued need for the money. Otherwise, those funds had to be refunded. SB 1693, adopted in 1996 as an amendment to the Mitigation Fee Act, changed that requirement in material ways.

Now, Section 66001 (d) requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006 (b), and every five years thereafter, the local agency shall make all of the following findings for any fee revenue that remains unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put;
2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

Those findings are to be made in conjunction with the annual reports discussed above. If such findings are not made as required by Section 66001, the local agency could be required to refund the moneys in the account or fund, per Section 66001 (d).

Once the agency determines that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

For a useful discussion of the foregoing requirements, see “The Mitigation Fee Act’s Five-Year Findings Requirement: Beware Costly Pitfalls” by Glen Hansen, Senior Counsel, Abbott and Kindermann, and Rick Jarvis, Managing Partner, Jarvis, Fay and Gibson, presented at the 2022 League of California Cities City Attorneys Spring Conference.

Audit Requests. Section 66023 provides that any person may request an audit to determine whether any fee or charge levied by a local agency exceeds the amount reasonably necessary to cover the cost of any product, public facility, as defined in Section 66000, or service provided by

the local agency. The legislative body of the local agency may retain an independent auditor to conduct the audit but is not required to conduct an audit if an audit has been performed for the same fee within the previous 12 months.

The agency shall retain an independent auditor to conduct an audit only if the person who requests the audit deposits with the local agency the amount of the local agency's reasonable estimate of the cost of the independent audit. At the conclusion of the audit, the local agency shall reimburse unused sums, if any, or the requesting person shall pay the local agency the excess of the actual cost of the audit over the amount that was deposited.

However, if the local agency fails to comply with the annual report requirement of Section 66006 following the establishment, increase or imposition of a fee, but requires payment of that fee in connection with the approval of a development project for three consecutive years, the agency shall not require a deposit for the independent audit and shall pay the cost of the audit.

Indexing of In-Lieu/Impact Fees. In-lieu fees and impact fees calculated in this report are based on current costs and should be adjusted periodically to account for changes in the cost of facilities or other capital assets that will be funded by those fees. That adjustment is intended to account for escalation in costs for land, construction, vehicles and other relevant capital assets. The *Engineering News Record* Building Cost Index (BCI) and Construction Cost Index (CCI) are useful for indexing construction costs. Where land costs are covered by an impact fee or in-lieu fee, land costs should be adjusted based on changes in local land prices.

Requirements Imposed by AB 602

In 2021, the California Legislature passed AB 602 and the Governor signed it into law. AB 602 creates some new requirements for impact fees that will go into effect in 2022. The new law amends Government Code Section 65940.1 and adds Section 66016.5 to impose the following requirements:

- 1) A city, county or special district that has an internet website shall post on its website:
 - a) A current written schedule of fees, exactions and affordability requirements applicable to a proposed housing development project, and shall present that information in a manner that identifies the fees, exactions and affordability requirements that apply to each parcel and the fees that apply to each new water and sewer utility connection
 - b) All zoning ordinances and development standards and specifying the zoning, design and development standards that apply to each parcel
 - c) A list of the information that will be required from any applicant for a development project, as specified in Government Code Section 69540
 - d) The current and five previous annual fee reports required by Government Code Section 66006 and Subsection 66013 (d).
 - e) An archive of impact fee nexus studies, cost of service studies or equivalent conducted on or after January 1, 2018.

- 2) The above information shall be updated within 30 days of any changes
- 3) A City or County shall request from a development proponent, upon issuance of a certificate of occupancy or final inspection, the total amount of fees and exactions associated with the project for which the certificate it issued. That information must be posted on the website and updated at least twice a year.
- 4) Before adoption of an impact fee, an impact fee nexus study shall be adopted.
- 5) When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service and explain why the new level of service is appropriate
- 6) If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of the fees collected under the original fee.
- 7) A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of the proposed units of the development. A local agency that imposes a fee proportionately to the square footage if the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development. A nexus study is not required to comply with this requirement if the agency makes certain findings outlined in the statute.
- 8) Large jurisdictions as defined in Section 53559.1 (d) of the Health and Safety Code (counties of 250,000 or more and cities in those counties) shall adopt a capital improvement plan as part of a nexus study.
- 9) All studies shall be adopted at a public hearing with at least 30-days' notice, and the local agency shall notify any member of the public that requests notice of intent to begin an impact fee nexus study of the date of the hearing.
- 10) Studies shall be updated at least every eight years, beginning on January 1, 2022.

Training and Public Information

Effective administration of an impact fee program requires considerable preparation and training. It is important that those responsible for collecting the fees, and for explaining them to the public, understand both the details of the fee program and its supporting rationale.

It is also useful to pay close attention to handouts that provide information to the public regarding impact fees. Impact fees should be clearly distinguished from other fees, such as user fees for application processing, and the purpose and use of particular impact fees should be made clear.

Finally, anyone responsible for accounting, capital budgeting, or project management for projects involving impact fees must be fully aware of the restrictions placed on the expenditure of impact fee revenues. Fees must be expended for the purposes identified in the impact fee

nexus study in which they were calculated, and the City must be able to show that funds have been properly expended.

Recovery of Administrative Costs

To recover the cost of periodic impact fee update studies and ongoing staff costs for capital budgeting, annual reports, five-year updates and other requirements of the Mitigation Fee Act, an administrative charge may be added to the impact fees calculated in this report. See the Executive Summary for a discussion of an administrative charge to recover some costs for administration and updating of impact fees.

APPENDIX A

Fee Comparison

City of Covina 2023 Impact Fee Study - Fee Comparison

CITY OF COVINA				COMPARISON AGENCIES					
Development Impact Fee Type	Units ¹	Current Fee ²	Proposed Fee ³	CLAREMONT ⁴	GLENDORA ⁵	MONTEREY PARK ⁶	SAN DIMAS ⁷	SAN GABRIEL ⁸	WEST COVINA ⁹
Residential - Single-Family									
Park Land and Improvements	DU	\$ 5,380	\$ 7,280	\$ 4,400	\$ 2,273	\$ 4,409	\$ 600	\$ 3,392	\$ 2,198
Recreation Facilities	DU	\$ 792	\$ 1,124						
Public Buildings (Incl Libraries)	DU	\$ 1,674	\$ 2,907			\$ 1,851	County Library		\$ 194
Police	DU	\$ 956	\$ 409			\$ 526	Sheriff Contract	\$ 903	\$ 732
Fire	DU	\$ 458	\$ 373	\$ 360		\$ 640	Fire District	\$ 272	\$ 893
Streets/Signals	DU	\$ 2,334	\$ 12,287	\$ 298		\$ 1,791		\$ 2,753	
Total Residential - Single-Family		\$ 11,594	\$ 24,380	\$ 5,058	\$ 2,273	\$ 9,217	\$ 600	\$ 7,320	\$ 4,017
Residential - Multi-Family									
Park Land and Improvements	DU	\$ 4,149	\$ 2,768	\$ 4,400	\$ 1,591	\$ 4,473	\$ 400	\$ 3,392	\$ 1,570
Recreation Facilities	DU	\$ 610	\$ 427						
Public Buildings (Incl Libraries)	DU	\$ 1,292	\$ 1,110			\$ 1,878	County Library		\$ 137
Police	DU	\$ 737	\$ 369			\$ 503	Sheriff Contract	\$ 903	\$ 523
Fire	DU	\$ 353	\$ 231	\$ 150		\$ 418	Fire District	\$ 272	\$ 637
Streets/Signals	DU	\$ 1,867	\$ 8,095	\$ 210		\$ 1,129		\$ 2,753	
Total Residential - Multi-Family		\$ 9,008	\$ 13,000	\$ 4,760	\$ 1,591	\$ 8,401	\$ 400	\$ 7,320	\$ 2,867

City of Covina 2023 Impact Fee Study - Fee Comparison

CITY OF COVINA				COMPARISON AGENCIES					
Development Impact Fee Type	Units ¹	Current Fee ²	Proposed Fee ³	CLAREMONT ⁴	GLENDORA ⁵	MONTEREY PARK ⁶	SAN DIMAS ⁷	SAN GABRIEL ⁸	WEST COVINA ⁹
Commercial									
Park Land and Improvements	KSF	n/a	n/a		\$ 620	\$ 64	\$ 150		\$ 840
Recreation Facilities	KSF	n/a	n/a						
Public Buildings (Incl Libraries)	KSF	\$ 192	\$ 859						\$ 70
Police	KSF	\$ 177	\$ 1,983			\$ 370	Sheriff Contract	\$ 260	\$ 280
Fire	KSF	\$ 85	\$ 498	\$ 200		\$ 350	Fire District	\$ 1,170	\$ 340
Streets/Signals	KSF	\$ 5,799	\$ 33,047	\$ 1,140		\$ 3,216		\$ 10,393	
Total Commercial		\$ 6,253	\$ 36,387	\$ 1,340	\$ 620	\$ 4,000	\$ 150	\$ 11,823	\$ 1,530
Office									
Park Land and Improvements	KSF	n/a	n/a		\$ 620	\$ 64	\$ 150		\$ 840
Recreation Facilities	KSF	n/a	n/a						
Public Buildings (Incl Libraries)	KSF	\$ 255	\$ 627						\$ 70
Police	KSF	\$ 237	\$ 160			\$ 370	Sheriff Contract	\$ 260	\$ 280
Fire	KSF	\$ 113	\$ 178	\$ 200		\$ 350	Fire District	\$ 1,170	\$ 340
Streets/Signals	KSF	\$ 5,116	\$ 16,624	\$ 690		\$ 3,216		\$ 3,048	
Total Office		\$ 5,721	\$ 17,589	\$ 890	\$ 620	\$ 4,000	\$ 150	\$ 4,478	\$ 1,530
Industrial									
Park Land and Improvements	KSF	n/a	n/a		\$ 620	\$ 32	\$ 150		\$ 840
Recreation Facilities	KSF	n/a	n/a						
Public Buildings (Incl Libraries)	KSF	\$ 128	\$ 228						\$ 70
Police	KSF	\$ 118	\$ 83			\$ 50	Sheriff Contract	\$ 260	\$ 280
Fire	KSF	\$ 57	\$ 124	\$ 200		\$ 19	Fire District	\$ 1,170	\$ 340
Streets/Signals	KSF	\$ 1,870	\$ 5,927	\$ 200		\$ 1,305		\$ 1,365	
Total Industrial		\$ 2,173	\$ 6,362	\$ 400	\$ 620	\$ 1,406	\$ 150	\$ 2,795	\$ 1,530

Notes:

¹ DU = dwelling unit; KSF = 1,000 gross sq ft of building area

² Covina existing impact fees adopted in 2005

³ Proposed impact fees from NBS 2023 Impact Fee Study; proposed single-family residential impact fees based on the 1,200-1,900 square foot fee category; proposed multi-family residential impact fees based on the 600-800 square foot fee category

⁴ Claremont impact fees effective August 15, 2022

⁵ Glendora impact fees effective July 1, 2022

⁶ Monterey Park impact fees effective July 1, 2022

⁷ San Dimas impact fees effective July 1, 2022

⁸ San Gabriel impact fees effective August 1, 2018; the San Gabriel non-residential impact fees for streets and signals depend on trip generation rates; this table uses trip generation rates from the Institute of Transportation Engineers manual, *Trip Generation*, 10th Ed., as follows (commercial - 37.75 ADT per KSF (Shopping Center); Office - 11.07 ADT per KSF (Office Park);

Industrial - 4.97 ADT per KSF (Gen. Lt. Industrial)

⁸ West Covina impact fees effective July 1, 2019

City of Covina 2023 Impact Fee Study - Fee Comparison

CITY OF COVINA	COMPARISON AGENCIES					
SURVEY QUESTION	CLAREMONT ⁴	GLENDORA ⁵	MONTEREY PARK ⁶	SAN DIMAS ⁷	SAN GABRIEL ⁸	WEST COVINA ⁹
Are the City's impact fees escalated annually by CPI, ENR or other index?	Consumer Price Index (CPI)	None	No response	None	Construction Cost Index published by Engineering News Record	Construction Cost Index published by Engineering News Record
When was the City's last comprehensive impact fee study completed?	Approximately 2013	No Study on file	No response	Study in progress	No Study performed since fees were enacted.	2015
Which of the City's services, if any, are provided by contract or special district?	Fire and Libraries	Fire provided by LA County Fire District	No response	County provides Police, Fire, and Libraries	None	County Library
Does the City's have a policy regarding waiver or reduction of impact fees for affordable housing or other types of development?	No official policy but Council can waive fees at their discretion	None	No response	None	None	Reduction or Waiver for affordable housing units that are deed restricted to very-low income and low income households