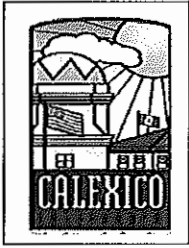


**AGENDA
ITEM**

6



AGENDA STAFF REPORT

DATE: February 3, 2021

TO: Mayor and City Council

APPROVED BY: Miguel Figueroa, City Manager *MF*

PREPARED BY: Christopher Velasco, Contract Planner Christopher Velasco

SUBJECT: Award Proposal for the Development Fee Impact Study to Willdan Financial Services

=====

Digitally signed by Christopher Velasco
DN: cn=Christopher Velasco, o=City of Calixto,
ou=Planning Services, email=planning@calixto.ca.gov,
c=US
Date: 2021.01.25 09:21:59 -0800

Recommendation:

Award the proposal for the Development Fee Impact Study to Willdan Financial Services.

Background:

On November 27, 2020 an RFP was issued requesting proposals from qualified consultants to submit their proposals to provide the City with a Development Impact Fee Study and closed on December 28, 2020. We received four (4) responses; below is a list of those firms and their proposed costs:

Willdan Financial Services – \$57,000 (fixed fee)

The Holt Group – \$48,370 (not fixed)

DTA – \$45,000 (not fixed)

NBS – \$34,800 (not fixed)

On January 14, the City Manager, the City’s Contract Engineer and the City’s Contract Planner met to discuss each proposal. It was determined that every proposal came from a qualified firm. Willdan Financial services has offered the most comprehensive level of service for a fixed fee.

Discussion & Analysis:

The purpose of this RFP is to find and select a qualified vendor to develop a Development Impact Fee Study. The City assesses a variety of development impact fees on new development and redevelopment to help the City pay for the infrastructure that the new development activity will require. The City’s impact fee program must comply with the Mitigation Fee Act (California Government Code Section 66000 et seq., also known as Assembly Bill 1600). The City is now seeking the services from a qualified firm to update the streets, drainage and parks impact fees.



The firms will be required to accomplish the following list of required services:

A. Review the following City documents:

- Current Development Impact Fees.
- 10-Year Capital Improvement Program for FY 2020-21 through FY 2030-31.
- General Plan 2015 Update – the City is currently engaged updating various segments of the General Plan Update.
- Ordinance 1102 Adopting the Master Fee Schedule.
- Citywide User Fee Study - July 2009.
- Any and all documents that could assist in the Development Impact Fee Study.

The consultant will provide information and the necessary findings to help the City determine the development impact fees based on the proposed infrastructure requirements to support the City's General Plan growth projections and the City's 10-Year Capital Improvement Plan. The consultant will work with City staff to determine other supporting infrastructure (i.e., equipment, vehicles, etc.) or other operational services that could rightfully be included in the fee program to ensure the costs of such supporting infrastructure are paid by development.

Fiscal Impact:

\$3,000 Local Early Action Plan (LEAP) grant application has allotted a total of \$54,000 for a Development Services Fee Impact Study, therefore, a total of \$3,000 in funding will need to be spent to complete the Development Services Impact Fee Study.

Coordinated With:

Christopher Velasco, Contract Planner.

Exhibits:

1. Cost Analysis Cost Proposal from Willdan Financial Services.



December 23, 2020

Mr. Miguel Figueroa
City Manager
City of Calexico
608 Heber Avenue
Calexico, California 92231

Re: Cost Proposal to Prepare a Development Impact Fee Study for the City of Calexico

Dear Mr. Figueroa;

In response to the requirements outlined within the Request for Proposals released on November 27, 2020, Willdan Financial Services ("Willdan") is pleased to present the following cost proposal to the City of Calexico ("City") to prepare a Development Impact Fee Study. Given Willdan's unmatched impact fee experience, we are particularly well positioned to serve the City and help achieve the established long-term goals.

We are excited about this opportunity to use our skills and expertise to continue to serve the City of Calexico. To discuss any aspect of this submittal, please contact Managing Principal James Edison directly at (510) 853-2612, or via email at jedison@willdan.com.

Sincerely,

WILLDAN FINANCIAL SERVICES

A handwritten signature in black ink, appearing to read 'Chris Fisher', is written over a light blue horizontal line.

Chris Fisher
Vice President, Group Manager

City of Calexico

Proposal for

Development Impact Fee Study





December 23, 2020

Mr. Miguel Figueroa
City Manager
City of Calexico
608 Heber Avenue
Calexico, California 92231

Re: Technical Proposal to Prepare a Development Impact Fee Study for the City of Calexico

Dear Mr. Figueroa;

Willdan Financial Services ("Willdan") is pleased to present this proposal to the City of Calexico ("City") to prepare a Development Impact Fee Study. Given Willdan's unmatched impact fee experience, we are particularly well positioned to serve the City and help achieve the established long-term goals. Our project approach helps to ensure the preparation of an impact fee study that will withstand technical challenges and public scrutiny. Outlined below are the advantages and benefits that Willdan will provide to the City.

Experience with the City of Calexico – Willdan partnered successfully with the City to prepare the 2018 water and sewer rate and connection fee study. Our team will bring this same level of professionalism and expertise to this proposed engagement. We have a current working knowledge of the organization, and positive relationships with City staff, which will allow us to effectively gather data and information, as well as clarify questions. We will leverage our previous work and our understanding of the City's operations and key staff to facilitate this study in a cost effective and efficient manner; focusing less time on data gathering, and more on analysis, resulting in a lower project cost and higher value.

Unmatched experience defending and implementing fee programs – Willdan's impact fee staff has assisted more than 100 California government agencies with the development and/or update of all fee types and is fortunate to be in a position that will provide a tremendous benefit to the City. Each project has required defensible documentation and thorough coordination of fee program changes for different agency departments and stakeholders within the business community. In some cases, Willdan has been required to negotiate fees with stakeholders and, on occasion, defend them in meetings and public forums.

We are particularly strong in advising our clients on the advantages and disadvantages of different fee schedule structures (citywide versus multiple-fee districts/zones; more versus fewer land-use categories; etc.) and methods of fee calculation that are based on the City's and stakeholder priorities.

Best-in-class project team that can work immediately to prepare an impact fee program – The Willdan team begins a project by evaluating the agency's existing fee program, if available, and current capital planning policies and funding programs. Not all capital projects are amenable to funding from impact fee programs, and we identify sources that complement fee revenues to fully fund the capital improvement program. The team's Principal-in-Charge James Edison and Project Manager Carlos Villarreal are well respected by our clients for their skill in proactively organizing a clear, consensus-based project approach.

Successful project completion– As indicated within our submission, *Willdan has successfully completed many impact fee studies, including most recently in the Cities of Carpinteria, Garden Grove, Hollister, Murrieta, Rialto and Santa Clara.* These fee programs were approved by their respective City Councils.

We are excited about this opportunity to use our skills and expertise to continue to serve the City of Calexico. To discuss any aspect of this submittal, please contact Managing Principal James Edison directly at (510) 853-2612, or via email at jedison@willdan.com.

Sincerely,

WILLDAN FINANCIAL SERVICES

A handwritten signature in black ink, appearing to read 'Chris Fisher', is written over a light blue horizontal line.

Chris Fisher
Vice President, Group Manager

Fee for Services

Based upon the scope of work identified herein, Willdan proposes a **fixed fee of \$57,000** for the City's development impact fee study engagement. The table below provides a breakdown of this fee by task and project team member.

City of Calexico Development Impact Fee Study					
Fee Proposal					
		J. Edison	C. Villarreal	Total	
		Principal-in-Charge	Project Manager	Hours	Cost
		\$ 240	\$ 165		
Task 1:	Identify and Resolve Policy Issues	12.0	24.0	36.0	\$ 6,840
Task 2:	Identify Existing Development and Future Growth	16.0	24.0	40.0	7,800
Task 3:	Determine Facility Standards	16.0	36.0	52.0	9,780
Task 4:	Determine Facilities Needs and Costs	20.0	42.0	62.0	11,730
Task 5:	Identify Funding and Financing Alternatives	12.0	24.0	36.0	6,840
Task 6:	Calculate Fees and Prepare Report <i>(includes 3 meetings)</i>	24.0	50.0	74.0	14,010
Total Cost		100.0	200.0	300.0	\$ 57,000
Additional Per Meeting Fee					\$1,750

Please note the following:

- The fee denoted above includes attendance at up to four in-person meetings with City staff, stakeholders, and City Council; which include:
 - One project kick-off meeting;
 - One meeting to review initial results with City staff; and
 - Two City Council meetings, one to present the public draft report for review and comment, and one to present the final report and fees for adoption.
- Attendance at more than four meetings will be billed at our current hourly rates, provided below, and actual expenses.
- The fee denoted above includes the development/update of impact fees for the categories specified in this proposal.
- Comprehensive written responses to resolve conflicts or preparation of more than one set of major revisions to the draft report, will be classified as Additional Services, and may require additional billing at hourly rates stated in the hourly rate schedule listed below. These additional fees shall only take effect once the fixed fee stated above has been exceeded.
- Our fixed fee includes all direct expenses associated with the project.
- We will invoice the City monthly based on percentage of project completed.
- Additional services may be authorized by the City and will be billed at our then-current hourly overhead consulting rates.

Hourly Fee Schedule

Provided below is Willdan's hourly rate table identifying current hourly rates.

Willdan Financial Services Hourly Rate Schedule	
Position	Hourly Rate
Group Manager	\$250
Managing Principal	\$240
Principal Consultant	\$210
Senior Project Manager	\$185
Project Manager	\$165
Senior Project Analyst	\$135
Senior Analyst	\$125
Analyst II	\$110
Analyst I	\$100

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Firm Profile

Qualification Submittal Form

Along with other information about your qualifications to provide the City with a Development Impact Fee Study as outlined in Section B, include the following forms in your submittal:

- Qualifications submittal form with Application Checklist
- References
 - * For ease of electronic preparation, vendor may prepare their own submittal forms as long as they contain the same information in a similar format.

I. QUALIFICATIONS SUBMITTAL FORM WITH APPLICATION CHECKLIST

The authorized representative identified below declares that she/he/they:

1. Has carefully examined the Request for Qualifications.
2. Is thoroughly familiar with its contents.
3. Is authorized to represent the proposing firm.

Firm Name	Willdan Financial Services
Email	jedison@willdan.com
Phone	(510) 853-2612 (James Edison cell phone)
Website	www.willdan.com
Address	27368 Via Industria, Suite 200, Temecula, CA 92590
Authorized Representative	Managing Principal James Edison
Name	James Edison
Title	Managing Principal

Number of years engaged in providing the services included within the scope of the specifications under the present business name or by the principal assigned to this engagement.

Willdan Financial Services ("Willdan") has provided development impact fee services under the current name since April 2008. Although it is important to note that Willdan has provided impact fee services since 1999 under the prior firm name, MuniFinancial.

Substantiated Complaints

In the last three years, Willdan has not had substantiated complaints and there is no outstanding litigation.

Firm Profile

Willdan Financial Services is an operating division within Willdan Group, Inc. (WGI), which was founded in 1964 as an engineering firm working with local governments. Today, WGI is a publicly owned company (NASDAQ ticker: WLDN). WGI, through its subsidiaries, provides professional technical and consulting services that ensure the quality, value, and security of our nation's infrastructure, systems, facilities, and environment.

The firm has pursued two primary service objectives since its inception — ensuring the success of its clients and enhancing its surrounding communities. In doing so, Willdan has gained a notable reputation for technical excellence, cost-effectiveness, and client responsiveness in providing superior consulting services. The company's service offerings span a broad set of complementary disciplines that include engineering and planning, energy efficiency and sustainability, and financial and economic consulting. Willdan has crafted this set of integrated services so that, in the face of an evolving environment — whether economic, natural, or built — Willdan can continue to extend the reach and resources of its clients. Today, WGI has over 1,300 employees operating from offices in 26 states.



Willdan Financial Services

Founded on June 24, 1988, Willdan Financial Services, a California Corporation, is one of the largest public sector economic and financial analysis firms in the United States. Since that time, we have helped over 1,200 public agencies successfully address a broad range of infrastructure challenges.

Willdan assists local public agencies by providing the following services:

- Administration of special taxes, assessments, standby charges, and utility rates;
- District formation services for assessment/local improvement districts, Community Facilities Districts (CFDs) Landscaping and Lighting Districts, and special taxes;
- Arbitrage rebate calculations;
- Continuing disclosure reports preparation and dissemination;
- Municipal Advisory services;
- Staff augmentation support; and
- Tax increment finance district formation and amendment.

Our staff of over 70 full-time employees supports our clients by conducting year-round workshops and on-site training to assist them in keeping current with the latest developments in our areas of expertise. Willdan's success is based on a corporate philosophy of personal service and we provide continuous support throughout the year. We can always be reached should any questions or issues arise.

Office Location and Assigned Staff

Willdan Financial services' division headquarters is located in Temecula, California. The scope of services proposed herein will be conducted from our Oakland, California office. Furthermore, two full-time professional staff are proposed to serve the City of Calexico ("City"). A detailed explanation of their project responsibilities, qualifications and resumes follow. Part-time staff are not necessary for this engagement.

Project Team

Our management and supervision philosophy for the project team is very simple: staff every position in sufficient numbers with experienced personnel to deliver a superior product and convey results to decision makers in meetings, on time and on budget. With that philosophy in mind, we have selected experienced professionals for the City's engagement. We are confident that our team possesses the depth of experience that will successfully fulfill the desired work performance.

Managing Principal **James Edison** will serve as the **principal-in-charge/technical advisor**. His responsibilities will include overseeing consultant tasks, the quality of work products and assuring timely completion of the project. He has been selected for this role due to his familiarity with innovative approaches to funding public facilities and recent legislative and case law changes that alter how California public agencies can use the *Mitigation Fee Act*.

Mr. Edison is a former bond attorney, and an inactive member of the California State BAR. With this knowledge and expertise overseeing the City's project, he can be of assistance in advising, and addressing matters that are related to the review and/or preparation of an impact fee and nexus study.

Mr. **Carlos Villarreal** will serve as **project manager** for the City's engagement. Mr. Villarreal will be the City's day-to-day contact and be present at key meetings. He will be responsible for data gathering and report writing, leading tasks, and coordinating with City staff to ensure that data gathering proceeds smoothly and minimizes the burden on client staff. He has been selected to serve in this capacity due to his prior experience developing and updating a variety of impact fee programs throughout the State of California.

Resumes

Provided on the pages that follow are resumes for each member of the Willdan team.

James Edison

Principal-in-Charge

Education

Juris Doctorate, Boalt Hall School of Law, University of California, Berkeley

Master of Public Policy, Richard and Rhoda Goldman School of Public Policy, University of California, Berkeley

Bachelor of Arts, magna cum laude, Harvard University

Professional Registrations

Member of State Bar, California

Licensed Real Estate Broker, California

Affiliations

Council of Development Finance Agencies

CFA Society of San Francisco

Congress for the New Urbanism

Urban Land Institute

Seaside Institute

International Economic Development Council

20 Years' Experience

Mr. James Edison specializes in the nexus between public and private, with expertise in public-private partnerships, and the benefits of economic development to municipalities and state, provincial, regional and national governments. He possesses deep expertise in land use economics, with a specialty in finance and implementation, including fiscal impact and the public and private financing of infrastructure and development projects, both in the U.S. and internationally. Mr. Edison's public-sector experience includes local and regional economic impact studies; fiscal impact evaluations; new government formation strategies; and the creation of impact fees, assessments, and special taxes to fund infrastructure and public facilities. He has conducted numerous evaluations of the economic and fiscal impact of specific plans and consulted on a wide variety of land use planning topics related to community revitalization and the economic and fiscal impacts of development.

As a former bond attorney, Mr. Edison understands the legal underpinnings and technical requirements of public financing instruments and has advised both public and private clients on the use of individual instruments, and the interaction between those instruments and the needs of developers and project finance.

Related Experience

City of Morgan Hill, CA – Development Impact Fee Update: Mr. Edison managed the update of the City's existing nexus study, which included general government, fire, police, parks and recreation, library and storm drain fee categories. The project scope included stakeholder outreach. The City has once again engaged Willdan to update their impact fees.

City of Santa Clara, CA – Parks Fee Update: Mr. Edison served as principal-in-charge of the City's park impact fee update. This project included a demographic analysis and estimation of the cost of acquiring and improving public park land.

City of Alameda, CA – Comprehensive Impact Fee Update: Mr. Edison led the Willdan team updating the impact fee programs of the City of Alameda and creating a separate impact fee program for Alameda Point, the former Alameda Naval Air Station.

County of Tulare, CA – Countywide Impact Fees: Mr. Edison served as project manager for a study that involved the creation of an impact fee program for the County. The study includes a range of facilities including public protection, library and parks, as well as a transportation facilities impact fee, with different fees calculated for two zones in the County.

City of Fremont, CA – Comprehensive Impact Fee Update: Mr. Edison led the Willdan team in the successful update of the impact fee programs for the City of Fremont. The effort included an update of the City's transportation impact fee program and capital improvement program.

County of Riverside, CA – Comprehensive Impact Fee Update: Mr. Edison led the effort to establish a comprehensive fee program for the County, including facilities fees for fire, police, parks, criminal justice, libraries and traffic. He prepared the technical and analytical documents necessary to calculate the fee and establish the necessary nexus to collect it, as well as presented the fees during public hearings to the County Board of Supervisors.

City of Pacifica, CA – Park Fee Update: Mr. Edison served as the City's project manager to update their park fee to include new costs and to impose fees for home expansion/remodels, in addition to new development.

County of Imperial, CA – Solar Farm Fiscal and Economic Analysis: Mr. Edison was engaged by the County of Imperial to evaluate the fiscal and economic impacts of a series of proposed solar-voltaic facilities (or "solar farms") on land near the Town of Calipatria, which is within the County. For each, Mr. Edison calculated the tax revenues and service expenditures accruing to the County from development of the project. He also estimated the economic impacts of the project using IMPLAN, including the impact of the construction and ongoing operation of the solar farm, along with the negative impact of the removal of the project site from agricultural production.

Carlos Villarreal

Project Manager

Education

Master of Public Policy, Richard and Rhoda Goldman School of Public Policy, University of California, Berkeley

Bachelor of Arts, Geography, University of California, Los Angeles; Minor in Public Policy and Urban Planning

Areas of Expertise

Fiscal Impact Analyses

Development Impact Fees

Public Facilities Financing Plans

GIS Analysis

15 Years' Experience

Mr. Carlos Villarreal is proposed to serve in the role of project manager due to his experience documenting nexus findings for development impact fees, preparing capital improvement plans, facilitating stakeholder involvement, and analyzing the economic impacts of fee programs. He has supported adoption of fee programs funding a variety of facility types, including, but not limited to transportation, parks, library, fire, law enforcement and utilities.

Related Experience

City of Morgan Hill, CA – Development Impact Fee Update: Mr. Villarreal served as project manager for a study to update the City's existing nexus study, including general government, fire, police, parks and recreation, library and storm drain fee categories. The project scope included stakeholder outreach. The City has once again engaged Willdan and Mr. Villarreal is serving as the project manager on the project.

City of Santa Clara, CA – Parks Fee Update: As assistant project manager to Mr. Edison, Mr. Villarreal collected the necessary data to update the City's park impact fee. This project included a demographic analysis and estimation of the cost of acquiring and improving public park land.

City of Upland, CA – Impact Fee Study Update: Conducted a study to update the City's impact fee program, including general government, regional transportation, water, sewer, storm drain and park fees. Traffic fees were established within the San Bernardino Associated Governments' (SANBAG) guidelines to provide a local funding source for improvements of regional significance.

City of Alameda, CA – Development Impact Fee Update: Mr. Villarreal served as the lead project analyst for this engagement to update the City's impact fee program. He coordinated with the City to gather the pertinent data for the project, and was instrumental in preparing the nexus study, in addition to participating in the presentation to stakeholders and the City Council

County of Stanislaus, CA – Impact Fee Study Update: Mr. Villarreal served in the role of project manager for a study updating the County's existing impact fee program. The program includes a range of facilities, like public protection, library, and parks. The study also included a transportation facilities impact fee, with different fees calculated for two zones in the County. Considerable stakeholder outreach was an integral component of this project.

County of San Benito, CA – Comprehensive Impact Fee Study: In the role of project manager, Mr. Villarreal assisted the County of San Benito with the preparation of an updated and expanded impact fee program. The fee programs included: 1) Capital Improvements Impact Fee; 2) Road Equipment Impact Fee; 3) Fire Mitigation Impact Fee; and 4) Park and Recreation Impact Fee.

City of Soledad, CA – Development Impact Fee Study Update: Mr. Villarreal managed the update of the City's impact fee program, specifically changes in demographics, growth projections, project costs, and facility standards. In particular, the City had to revise its capital facilities needs to accommodate a much lower amount of growth than what was projected before 2007. The resulting fees funded new development's share of planned facilities, while not overburdening development with unnecessary costs.

Rodeo-Hercules Fire Protection District, CA – Fire Impact Fee Update: Mr. Villarreal served as project manager for the District's fire impact fees update. The fee will be charged in two jurisdictions, the City of Hercules and the unincorporated community of Rodeo. The fees were adopted by the City Council in September 2009 and were presented to the Board of Supervisors in December 2009. At present, Mr. Villarreal is assisting the District with an update to their fire impact fee.

City of Long Beach, CA – Park Impact Fee Update: Willdan assisted with an update to the City's existing park impact fees, with Mr. Villarreal serving in the role of project manager. The project included updating demographic data and facility planning to properly update park facility standards. He used this information to then calculate impact fees for single family and multi-family residential dwelling units and prepare a nexus study documenting the revised fees and the required legal findings under the Mitigation Fee Act.

Qualifications Details

Managing Principal James A. Edison, and his team have worked with public agencies on many community development projects, including the full range of analysis related to feasibility, economic and fiscal impacts, infrastructure finance, and negotiations with private developers. Willdan has been preparing impact fee nexus studies since the passage of the *Mitigation Fee Act* and is thoroughly familiar with both the Act and with the technical and policy issues surrounding impact fees.

Willdan's impact fee staff has assisted more than 100 agencies with impact fee-related projects. The following identifies a partial listing of our development impact fee clients. Agencies listed in bold type face, within the table on the following pages, denote impact fee projects completed by proposed team members Managing Principal James Edison and/or Project Manager Carlos Villarreal.

**Willdan Financial Services
Development Impact Fee Experiences
Partial Client List**

City of Alameda, CA	City of Rialto, CA
City of Antioch, CA	City of Richmond, CA
City of Arcadia, CA	City of Rio Rancho, NM
City of Artesia, CA	City of Rio Vista, CA
City of Banning, CA	City of Rocklin, CA
City of Bellflower, CA	City of Rolling Hills Estates, CA
City of Beverly Hills, CA	City of Rosemead, CA
City of Brea, CA	City of Roseville, CA
City of Burlingame, CA	City of San Carlos, CA
City of Calimesa, CA	City of San Fernando, CA
City of Carpinteria, CA	City of San Jose, CA
City of Clovis, CA	City of San Ramon, CA
City of Coachella, CA	City of Santa Clara, CA
City of Commerce, CA	City of Santa Clarita, CA
City of Compton, CA	City of Sebastopol, CA
City of Corona, CA	City of Sierra Madre, CA
City of Covina, CA	City of Soledad, CA
City of Daly City, CA	City of South Gate, CA
City of Dixon, CA	City of South San Francisco, CA
City of Dublin, CA	City of St. Helena, CA
City of El Monte, CA	City of Tehachapi, CA
City of El Segundo, CA	City of Thousand Oaks, CA
City of Emeryville, CA	City of Tracy, CA
City of Fillmore, CA	City of Upland, CA
City of Fremont, CA	City of Visalia, CA
City of Fresno, CA	Coachella Valley Association of Governments, CA
City of Garden Grove, CA	Contra Costa Fire Protection District, CA
City of Gilroy, CA	County of Butte, CA
City of Goose Creek, SC	County of El Dorado, CA
City of Grass Valley, CA	County of Kern, CA
City of Greenfield, CA	County of Kings, CA
City of Gustine, CA	County of Los Angeles, CA
City of Hawthorne, CA	County of Madera, CA
City of Hercules, CA	County of Merced, CA

**Wilson Financial Services
Development Impact Fee Experience**

Partial Client List

City of Hollister, CA	County of Placer, CA
City of Huntington Beach, CA	County of Riverside, CA
City of Huntington Park, CA	County of Sacramento, CA
City of Indian Wells, CA	County of San Benito, CA
City of Irwindale, CA	County of San Diego, CA
City of Kingsburg, CA	County of San Joaquin, CA
City of La Mesa, CA	County of San Luis Obispo, CA
City of La Verne, CA	County of Shasta, CA
City of Laguna Hills, CA	County of Solano, CA
City of Lake Elsinore, CA	County of Sonoma, CA
City of Lancaster, CA	County of Stanislaus, CA
City of Livermore, CA	County of Tulare, CA
City of Long Beach, CA	County of Yolo, CA
City of Madera, CA	Dixon Public Library District, CA
City of Manteca, CA	East Contra Costa Fire Protection District, CA
City of Menifee, CA	Fremont Unified School District, CA
City of Montebello, CA	Kern Council of Governments, CA
City of Monterey, CA	March Joint Powers Authority, CA
City of Moreno Valley, CA	Milpitas Unified School District, CA
City of Morgan Hill, CA	Mountain View Fire Protection District, CA
City of Murrieta, CA	North Tahoe Fire Protection District, CA
City of Oceanside, CA	Oakdale Rural Fire Protection District, CA
City of Oroville, CA	Rodeo-Hercules Fire Protection District, CA
City of Pacifica, CA	Salida Fire Protection District, CA
City of Palmdale, CA	San Geronio Memorial Healthcare District, CA
City of Parkland, FL	San Joaquin Area Flood Control Agency, CA
City of Petaluma, CA	San Miguel Fire Protection District, CA
City of Pismo Beach, CA	Shasta County Regional Transportation Agency, CA
City of Pittsburg, CA	Stanislaus Council of Governments, CA
City of Placer Hills, CA	Stanislaus County Fire Protection District, CA
City of Pleasant Hill, CA	Stockton-San Joaquin Library District, CA
City of Porterville, CA	Suisun Fire Protection District, CA
City of Rancho Mirage, CA	Tehachapi Valley Rec. & Park District, CA
City of Redding, CA	Tehama County Regional Transportation Agency, CA
City of Redlands, CA	Town of Windsor, CA
City of Redwood City, CA	Town of Yucca Valley, CA
City of Reedley, CA	Tulare County Association of Governments, CA

Methodology

The City of Calexico has a development impact fee program in place, which was last updated in 2009. Facilities included in the program are listed below.

- Corporate
- Library
- Police
- Fire
- Parks and Recreation
- Traffic Transportation
- Water
- Sewer
- Administration
- Art in Public Places

The City of Calexico desires to update the streets, drainage and park impact fees to ensure a fair and reasonable fee structure, while meeting the requirements of the California *Mitigation Fee Act* (*California Government Code 66000 to 66025*). The resulting fees will fund new development's share of planned facilities, while not overburdening development with unnecessary costs. It is also understood that the engagement will include the identification of other supporting infrastructure (i.e. equipment, vehicles, etc.) or other operational services that could be included in the fee program, or updated, to ensure the costs of such supporting infrastructure are paid by new development.

Project Objectives

The objective of this project is to establish/update development impact fees pursuant to State law, which requires an update every five years. To accomplish this objective, this study will:

- Develop a technically defensible fee justification, based on the reasonable relationship and deferential review standards;
- Review and update facility standards, capital facilities plans and costs, and development and growth assumptions;
- Provide a schedule of maximum-justified fees by land use category; and
- Provide comprehensive documentation of assumptions, methodologies, and results, including findings required by the *Mitigation Fee Act*.

Public Facilities Financing in California

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

1. The passage of a string of tax limitation measures starting with Proposition 13 in 1978 and continuing through the passage of Proposition 218 in 1996;
2. Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses;
3. Steep reductions in Federal and State assistance; and
4. Permanent shifting by the State of local tax resources to the State General Fund to offset deficit spending brought on by recessions.

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

Summary of Approach

Willdan's methodology for calculating public facilities fees is both simple and flexible. Simplicity is important so that the development community and the public can easily understand the justification for the fee program. At the same time, we use our expertise to reasonably ensure that the program is technically defensible.

Flexibility is important, so we can tailor our approach to the available data, and the agency's policy objectives. Our understanding of the technical standards established by statutes and case law suggests that a range of approaches are technically defensible. Consequently, we can address policy objectives related to the fee program, such as economic development and affordable housing. Flexibility also enables us to avoid excessive engineering costs associated with detailed facility planning. We calculate the maximum justifiable impact fee and provide flexibility for the agency to adopt fees up to that amount.

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

- **Estimate existing development and future growth:** Identify a base year for existing development and a growth forecast that reflects increased demand for public facilities;
- **Identify facility standards:** Determine the facility standards used to plan for new and expanded facilities;
- **Determine facilities required to serve new development and their costs:** Estimate the total amount and cost of planned facilities, and identify the share required to accommodate new development; and
- **Calculate fee schedule:** Allocate facilities costs per unit of new development to calculate the public facilities fee schedule.

We discuss key aspects of our approach to each of these steps in the subsections that follow.

Growth Projections

In most cases, we recommend use of long-range market-based projections of new development. By "long-range" we suggest 20 to 30 years to: capture the total demand often associated with major public facility investments; and support analysis of debt financing, if needed. In contrast to build out projections, market-based projections provide a more realistic estimate of development across all land uses. Build out projections typically overestimate commercial and industrial development because of the oversupply of these land uses relative to residential development.

Facility Standards

The key public policy issue in development impact fee studies is the identification of facility standards (second bullet above). Facility standards document a reasonable relationship between new development and the need for new facilities. Standards ensure that new development does not fund deficiencies associated with existing development.

Our approach recognizes three separate components of facility standards:

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

Identifying New Development Facility Needs and Costs

We can take several different approaches to identify facility needs and costs to serve new development. Typically, this is a two-step process: 1) identify total facility needs; and 2) allocate to new development its fair share of those needs. Total facility needs are often identified through a master facility planning process that typically takes place concurrent with or prior to conducting the fee study. Engineered facility plans are particularly important in the areas of traffic, water, sewer, and storm drain due to the specialized technical analysis required to identify facility needs.

There are three common methods for determining new development's fair share of planned facilities costs: 1) the existing inventory method; 2) the planned facilities method; and 3) the system plan method. Often the method selected depends on the degree to which the community has engaged in comprehensive facility master planning to identify facility needs.

The formula used by each approach and the advantages and disadvantages of each method is summarized as follows.

Existing Inventory Method

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

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

Under this method new development funds the expansion of facilities at the same standard currently serving existing development. By definition, the existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Only the initial facilities to be funded with fees are identified in the fee study. Future facilities to serve growth are identified through an annual Capital Improvement Plan (CIP) and budget process, possibly after completion of a new facility master plan.

Planned Facilities Method

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

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

This method is appropriate when specific planned facilities can be identified that only benefit new development. Examples include street improvements to avoid deficient levels of service or a sewer trunk line extension to a previously undeveloped area. This method is appropriate when planned facilities would not serve existing development. Under this method new development funds the expansion of facilities at the standards used for the master facility plan.

System Plan Method

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

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

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

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

Calculating the Fee Schedule

At its simplest, the fee schedule uses the cost per unit of demand discussed in the last subsection to generate the fee schedule. This unit cost is multiplied by the demand associated with a new development project to calculate the fee for that project. The fee schedule uses different demand measures by land use category to provide a reasonable relationship between the type of development and the amount of the fee. We are familiar with a wide range of methods for identifying appropriate land use categories and demand measures depending on the particular study.

Related Approach Issues

Funding and Financing Strategies

In our experience, one of the most common problems with impact fee programs and with many CIPs is that the program or plan is not financially constrained to anticipated revenues. The result is a "wish list" of projects that generate community expectations that often cannot be fulfilled. Our approach is to integrate the impact fee program into the local agency's existing CIPs while encouraging those plans to be financially constrained to available resources. We clearly state the cost of correcting existing deficiencies, if any, to document the relationship between the fee program and the need for additional non-fee funding.

We can also address one of the most significant drawbacks of an impact fee program – the inability to support conventional public debt financing, so projects can be built before all fee revenues have been received. In collaboration with financial advisors and underwriters, we have developed specific underwriting criteria so that fees can be used to pay back borrowing if another source of credit exists. Typically, this approach involves the use of Certificates of Participation or revenue bonds that are calibrated so that they can be fully repaid using impact fee revenues.

Economic Development Concerns

The development community often is concerned that fees and other exactions will become too high for development to be financially feasible under current market conditions. Local agencies have a number of strategies to address this concern, including:

- Conducting an analysis of the total burden placed on development, by exactions, to see if feasibility may be compromised by the proposed fees;
- Gathering similar data on the total fee burden imposed by neighboring or competing jurisdictions;
- Developing a plan for phasing in the fees over several years to enable the real estate market to adjust;
- Providing options for developers to finance impact fees through assessment and other types of financing districts; and
- Imposing less than the maximum justified fee.

If less than the maximum justified fee is imposed, we will work with staff to identify alternative revenues sources for the CIP. The CIP should remain financially feasible to maintain realistic expectations among developers, policy-makers, and the public.

Stakeholder Participation

Stakeholder participation throughout the study supports a successful adoption process. Our approach is to create consensus first, around the need for facilities based on agreed upon facility standards. Second, we seek consensus around a feasible funding strategy for these needs, leading to an appropriate role for impact fees.

Gaining consensus among various groups requires a balanced discussion of both economic development and community service objectives. Often, our approach includes formation of an advisory committee to promote outreach to and input from the development community and other stakeholders. We have extensive experience facilitating meetings to explain the program and gain input.

Program Implementation

Fee programs require a certain level of administrative support for successful implementation. Our final report will include recommendations for appropriate procedures, such as:

- Regularly updating development forecasts;
- Regularly updating fees for capital project cost inflation;
- Regularly updating capital facility needs based on changing demands;
- Developing procedures for developer credits and reimbursements; and
- Including an administrative charge in the fee program.

Scope of Services

We want to ensure that our scope of services is responsive to the City's needs and specific local circumstances. We will work with the City to revise our proposed scope based on input prior to approval of a contract, and as needed during the course of the study. The fee categories to be established are as follows:

- Corporate
- Library
- Fire
- Sewer
- Civic Facilities
- Traffic/Transportation
- Police
- Water
- Parks/Recreation

Task 1: Identify and Resolve Policy Issues

Objective: Identify and resolve policy issues raised by the study.

Description: Review agency documents related to existing capital planning policies and funding programs including existing impact fees. Meet with representatives of affected City departments to gather background information regarding the City's fee program. Bring policy issues to City staff's attention, as appropriate, during the project and seek guidance prior to proceeding.

Potential policy issues include:

- Adequacy of General Plan and other public facility planning policies (e.g. level of service standards); impact fee ordinances and resolutions, and prior nexus studies;
- Availability of existing public facility master plans and CIPs to identify needed facilities for each fee category;
- Availability of existing studies;
- Types of facilities to be funded by each fee;
- Land use categories for imposition of fees;
- Nexus approach to determining facility standards;
- Nexus approach to allocating cost burden among land uses, including need for separate fee zones;
- Potential alternative funding sources, if needed;
- Funding existing deficiencies, if identified;
- Master-planned development and relationship to fee program; and
- Implementation concerns and strategies.

Meetings: One meeting to initiate the project, discuss data needs, and begin discussion of applicable policy issues.

Deliverables: Information requests; revised project scope and schedule (if needed); and summary of policy decisions (if needed).

Task 2: Identify Existing Development and Future Growth

Objective: Identify estimates of existing levels of development; as well as a projection of future growth consistent with current planning policy.

Description: Identify base year for estimating existing levels of development and for calculating facility standards based on existing facility inventories (see Task 3). Include entitled development that would be exempt from fee program.

Consult with City staff to identify growth projections to a defined long-range planning horizon (10 to 30 years). Projections provide a basis for determining the facilities needed to accommodate growth (see Task 4). Consider projections from the City's 2015 General Plan Updated and from regional metropolitan planning agencies.

Develop approach for converting land use data to measure facility demand. For example, identify population and employment density factors to convert population and employment estimates to dwelling units and building square footage. Select appropriate approach for each impact fee based on:

- Available local data on facility demand by land use category;
- Approaches used by other agencies; and
- Support for other agency policy objectives.

Changes to estimates and projections during subsequent tasks could cause unanticipated effort and require an amendment to the scope of services and budget. Willdan will obtain approval of estimates and projections from City staff prior to proceeding.

Task 3: Determine Facility Standards

Note: Conduct Tasks 3, 4, and 5 separately for each facility and fee type. Conduct tasks concurrently because of the effect of facility standards (Task 3), facility needs (Task 4), and alternative funding (Task 5) on the fee calculation.

Objective: Determine standards to identify facilities required to accommodate growth.

Description: Identify and evaluate possible facility standards depending upon the facility type, current facility inventory data, and available facility planning documents. Consider use of:

- Adopted policy standards (e.g. General Plan, master facility plans listed above);
- Standards derived from existing facility inventories; or
- Standards derived from a list of planned facility projects.

City staff to provide policies, inventories, and project lists.

Task 4: Determine Facilities Needs and Costs

Objective: Identify the type, amount and cost of facilities required to accommodate growth and correct deficiencies, if any.

Description: Quantify total planned facilities based on growth projection from Task 2 and facility standards from Task 3. Express planned facilities in general quantities such as acres of parkland, or as a specific list of capital projects from a master facility plan. Location of planned facilities may or may not be specified. If only a general description of planned facilities is available through the planning horizon, City staff should provide a list of specific capital projects for use of fee revenues during the short term (e.g. five years).

Distinguish between: facilities needed to serve growth (that can be funded by impact fees); and facilities needed to correct existing deficiencies (that cannot be funded by impact fees). Use one of three cost allocation methods (existing inventory, system plan, or planned facilities) to calculate the fee schedule.

Gather planning-level data on new facilities costs based on lump sum project cost estimates, or unit costs and project quantities (acres, building square feet, lane miles, etc.). Consider recent City experience, local market data such as land transactions, and Willdan experience from prior projects. Inflate older cost estimates to base year using appropriate cost indices.

This proposal does not include any engineering design or cost estimates, such services can be provided at an additional cost. Willdan can, however, provide comparable project and unit costs from other jurisdictions as available.

Task 5: Identify Funding and Financing Alternatives

Objective: Determine the extent of alternative (non-fee) funding available for new facilities.

Description: If impact fees are going to only partially fund a capital project, the *Mitigation Fee Act* requires the agency report on the anticipated source and timing of the additional funding every five years. There are two types of alternative funding sources that will be identified:

1. Funding from non-impact fee sources to correct existing deficiencies; and

- 2. Funding from new development other than impact fees that must be credited against new development's impact fee contributions, possibly including taxes paid to finance facilities.

Identify anticipated alternative funding based on information from City staff or note that funds are still to be identified based on a list of probable funding alternatives. If fees will fund debt service include financing costs in the total cost of facilities.

Assume facilities to be funded predominantly on a pay-as-you-go basis.

Task 6: Calculate Fees and Prepare Report

Objective: Provide technically defensible fee report that comprehensively documents project assumptions, methodologies, and results.

Description: Generate fee schedule to apportion facility costs to individual development projects. Use facility costs per unit of demand multiplied by demand by land use category based on data developed in prior tasks.

Prepare draft report tables for City staff to review that document each step of the analysis, including schedule of maximum justified fees by facility type land use category.

Following one round of comments from City staff on the quantitative analysis and fee schedules, prepare administrative draft report. Following one round of comments on the administrative draft, prepare public draft for presentation to interested parties, the public and elected officials. Prepare final report if necessary, based on one round of comments received on the public draft report. Submit up to ten bound copies of the final report. If requested, post report on our website for public access.

Provide legal counsel with copies of fee resolutions and ordinances used by other jurisdictions.

Meetings: Up to three meetings: one meeting to review results with staff; one City Council meeting to present the public draft report for review and comment; and one public hearing to present the report for adoption.

Deliverables: Draft report tables, administrative draft report, public draft report, final report (if needed), and slide presentation (if needed).

Willdan will rely on the validity and accuracy of the City's data and documentation to complete the analysis. Willdan will rely on the data as being accurate without performing an independent verification of accuracy and will not be responsible for any errors that result from inaccurate data provided by the client or a third party. City shall reimburse Willdan for any costs Willdan incurs, including without limitation, copying costs, digitizing costs, travel expenses, employee time and attorneys' fees, to respond to the legal process of any governmental agency relating to City or relating to the project. Reimbursement shall be at Willdan 's rates in effect at the time of such response.

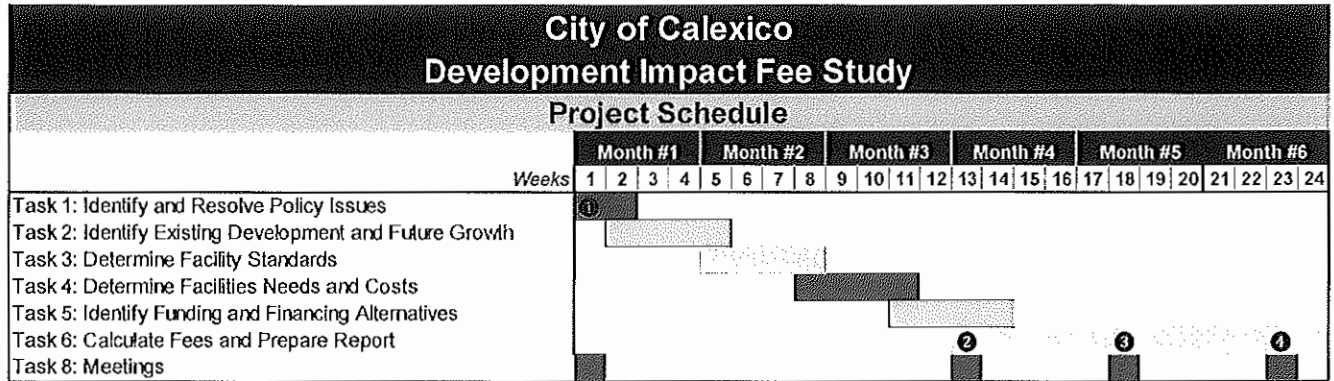
Staff Support

To complete our tasks, we will need the cooperation of City staff. We suggest that the City assign a key individual to represent the City as the project manager who can function as our primary contact. We anticipate that the City's project manager will:

- Coordinate responses to requests for information;
- Coordinate review of work products; and
- Help resolve policy issues.

Project Schedule

Willdan anticipates time is of the essence for the City to begin this engagement. This schedule can only be met with the cooperation of City staff. Delays in responding to our requests for data and review will result in corresponding delays to the project schedule. If that is the case, we will notify the City immediately of the possible impact on the schedule.



MEETINGS

- ① Project Kick-off Meeting
- ② Review Draft Results with City Staff
- ③ City Council Meeting to Present Draft Study
- ④ Public Hearing to Present Final Report

References

Provided below are three client references for recent projects completed by Willdan and the project team members proposed herein, which demonstrate our ability to provide development impact fee services. For ease of electronic preparation, we have utilized our own format, which contains the same information as requested in the RFP.

We are proud of our reputation for customer service and encourage you to contact our past clients regarding our commitment to excellence.

Reference NO. 1	
Customer Name:	County of Riverside
Contact Person:	Serena Chow, Administrative Services Manager II
Address:	Riverside County Economic Development Agency 4080 Lemon Street, Riverside, CA 92501
Telephone:	(951) 955-6619
	Email: schow@rivcoeda.org
Services Provided:	<p>Comprehensive Impact Fee Study – Willdan assisted the County of Riverside with an update of its comprehensive impact fee program. The fee categories were broad and diverse including countywide facilities such as jail detention facilities and county parks and trails; unincorporated only facilities such as fire stations and libraries; and County planning area specific facilities including storm drain and traffic improvements. Other facilities needed to be differentiated between the Eastern and Western portions of the County due to separation by distance, as well as varying level of facilities by region.</p> <p>The process was lengthy, initiated in January of 2008 and completed in November of 2014, involving significant efforts to inform staff of methodological differences between the Willdan methodology and the methodology of the previous consultant.</p> <p><i>Willdan has recently, through competitive bid, been selected to update the County's development impact fees.</i></p>

Reference NO. 2

Customer Name:	City of Morgan Hill
Contact Person:	Dat Nguyen, Finance Director
Address:	17575 Peak Avenue, Morgan Hill, CA 95037
Telephone:	(408) 779-7237
	Email: dat.nguyen@morgan-hill.ca.gov
Services Provided:	<p>Development Impact Fee Study and Updates – Willdan was initially retained by the City of Morgan Hill in 2010 to conduct a development impact fee and nexus study, which included general government, fire, police, parks and recreation, library and storm drain fee categories. This project included stakeholder outreach.</p> <p>The City once again engaged Willdan to update their impact fees in October 2017, which was completed in July 2019. <i>Facilities included in the recent project were traffic (roads and bikeways), water, sewer, drainage, police, fire, parks, library and public facilities.</i></p>

Reference NO. 3

Customer Name:	City of Pismo Beach
Contact Person:	Naida Feeser, Administrative Services Director
Address:	760 Mattie Road, Pismo Beach, CA 93449
Telephone:	(805) 773-7010
	Email: nfeeser@pismo beach.org
Services Provided:	<p>Development Impact Fee Study and Update – Willdan assisted the City of Pismo Beach with an update to their impact fee program, which was initiated in February of 2018. <i>The program included the following facilities: police, fire protection, park and recreation improvements, water system improvements, wastewater, traffic and general government/administrative facilities.</i> This project was warranted due to the amount of time that had elapsed since the prior update, coupled with the adoption of new and revised public facility master plans that complemented the updated impact fees. Prior to fee program adoption, which occurred during the first quarter of 2019, Willdan held a stakeholder meeting to inform the public about the project, and to solicit feedback from the development community.</p>

Addenda Acknowledgement

Willdan acknowledges receipt of the two addendums released in conjunction with this RFP; Addendum No. 1 dated December 2, 2020, Addendum No. 2 dated December 11, 2020 and Addendum No. 3 dated December 21, 2020. Provided below are digital copies of the signed Acceptance of Addendums.

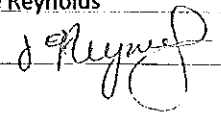
ACCEPTANCE OF ADDENDUM

Receipt of the above-mentioned ADDENDUM No. 1, is hereby acknowledged by:

Company Name

This the 21st day of December, 2020

By: Joanie Reynolds

Signature:  Title: Proposal Services Supervisor

Viva Calexico!

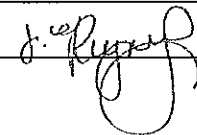
ACCEPTANCE OF ADDENDUM

Receipt of the above-mentioned ADDENDUM No. ~~1~~², is hereby acknowledged by:

Company Name

This the 21st day of December, 2020

By: Joanie Reynolds

Signature:  Title: Proposal Services Supervisor

Viva Calexico!



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