



CITY OF MANTECA FIRE DEPARTMENT

FIRE IMPACT FEE NEXUS STUDY

AUGUST 2019
FINAL REPORT

PREPARED FOR:

**CITY COUNCIL
CITY OF MANTECA**

PREPARED BY:



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CITY OF MANTECA FIRE DEPARTMENT

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EXECUTIVE SUMMARY

INTRODUCTION

This Fire Impact Fee Nexus Study (“Nexus Study”) was prepared pursuant to the Mitigation Fee Act (“Act”) as found in Government Code § 66000 et seq. The purpose of this Nexus Study is to establish the legal and policy basis for the collection of an updated fire impact fee (“fee”) on new development within the service area of the City of Manteca Fire Department (“Department”).

The Department provides first-responder fire protection and emergency response services to the City of Manteca (“City”). Specifically, the Department’s services include fire prevention and suppression; emergency medical response and transport; rescue and hazardous materials response.

The purpose of the fee is to fund the one-time cost of expanding the Department’s facilities, apparatus, and equipment in order to maintain its existing level of service. For purposes of this Nexus Study, the term “facilities” or “fire system facilities” will refer to facilities (land, stations and other buildings), apparatus (engines, command vehicles, and other vehicles), and equipment (ancillary and station). The term “new development” will generally refer the persons (residents and employees working in the City) and the structural area (residential area and nonresidential building area) in which the persons live or work.

In order to impose such fees, this Nexus Study demonstrates that a reasonable relationship between new development, the amount of the fee, and fire facilities, apparatus and equipment funded by the fee. More specifically, this Nexus Study will present findings in order to meet the procedural requirements of the Mitigation Fee Act (“Act”), also known as AB 1600, which are as follows:

1. Identify the **purpose** of the fee.
2. Identify the **use** to which the fee is to be put.
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed (“**benefit relationship**”).
4. Determine how there is a reasonable relationship between the need for the fire facilities and the type of development project on which the fee is imposed (“**impact relationship**”).

5. Determine how there is a reasonable relationship between the amount of the fee and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed ("**proportional relationship**").

Additionally, the Act specifies that the fee shall not include costs attributable to existing deficiencies in public facilities but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to refurbish existing facilities to maintain the existing level of service or achieve an adopted level of service that is consistent with the general plan.

To determine the Department's fire impact fee consistent with these **substantive requirements**, this Nexus Study utilizes a system-wide existing facility standard methodology. Under this method, the Department's ratio existing fire protection facilities, apparatus, and equipment to existing service population establishes the standard for determining new development's fair share of the cost to expand the Department's fire system as growth occurs. Existing development is determined based on Department service call data. The value of the Department's existing fire system is determined using the replacement value of the Department's existing inventory of fire protection facilities, apparatus, and equipment. These costs are then applied to seven land use categories in proportion to the need they create for fire protection and emergency response services.

The Nexus Study also identifies the fair share cost of planned fire and emergency response services facilities needed to serve existing development at the same facilities standard applied to new development. The identification and use of a facilities standard ensure that new development will only fund the share of planned facilities needed to accommodate growth. Thus, consistent with the Act, this Nexus Study demonstrates that there is a reasonable relationship between new development, the amount of the fee, and facilities, apparatus and equipment funded by the fee.

The Nexus Study also details the **procedural requirements** for adoption of the Nexus Study and proposed fire impact fee program ("fee program") by the City Council. Also, the Act contains specific requirements for the **annual administration** of the fee program. These statutory requirements and other important information regarding the imposition and collection of the fee are provided in the last sections of the Nexus Study.

SUMMARY OF KEY FINDINGS

The following key findings from the Nexus Study are presented:

1. A fire impact fee is necessary to ensure that the Department can adequately expand its fire protection facilities, apparatus, and equipment to accommodate the population and employment growth and new structural area created by new development.
2. The Department's current fire impact fee is outdated and insufficient to mitigate the impact of new development.
3. The City's current fire impact fee schedule is shown below.

FIGURE 1 – CURRENT FIRE IMPACT FEE SCHEDULE

Land Use Categories	Unit	Current Fire Impact Fee
Single-Family Housing	BSQFT	\$0.30
Multi-Family Housing	BSQFT	\$0.36
Mobile Home Parks/Modular/Campsites	DU	\$732.78
Assisted Living Facility	Bed	\$2,205.64
Retail / Commercial	BSQFT	\$0.22
Office	BSQFT	\$0.29
Industrial	BSQFT	\$0.10

Source: City of Manteca Fire Department

Notes:

¹ Fee effective 2/4/19 per City of Manteca Ordinance 1500.

4. Consistent with nexus requirements of the Act, this Nexus Study demonstrates that there is a reasonable relationship between new development, the amount of the proposed fee, and facilities, apparatus, and equipment funded by the fee.
5. Fee revenue may be used to fund 100% of the cost of new and expanded facilities, 100% of the cost of apparatus, vehicles, and equipment that expand the Department's existing inventory, and up to 30.2 percent the replacement cost of apparatus, vehicle and equipment purchases.

6. Projected fee revenue and unexpended fire impact fee proceeds will fund approximately 56 percent, or \$11.2 million of the Department's \$19.9 million in planned new facilities and replacement of existing apparatus, vehicles, and equipment.
7. The proposed fire impact fee is consistent with the policies of the City of Manteca General Plan.
8. The City may adopt the following fees at or below the levels determined by this Nexus Study.

FIGURE 2 – MAXIMUM FIRE IMPACT FEE SCHEDULE

Land Use Category	Unit	Maximum Fee
Single-Family Housing	BSQFT	\$0.52
Multi-Family Housing	BSQFT	\$0.88
Mobile Home Parks/Modular/Campsites	BSQFT	\$0.53
Assisted Living Facility	Bed	\$4,588.56
Retail / Commercial	BSQFT	\$0.32
Office	BSQFT	\$0.41
Industrial	BSQFT	\$0.15

Notes:

¹ The maximum fire impact fee is rounded down to the nearest whole cent.

SUMMARY OF GENERAL RECOMMENDATIONS

Based on the findings presented in the Nexus Study, the following general recommendations are presented:

1. The City should establish a new development impact fee to fund the costs of providing fire facilities, apparatus, and equipment needed to accommodate new development.
2. The Department's fee should be adopted and implemented in accordance with the applicable provisions of the Act.
3. Fee proceeds should be deposited into a new, separate fund or account so there will be no commingling of fee proceeds with the unexpended balances in the existing fee program funds. Once the existing fee program funds have been spent, the accounts should be closed.
4. The Department should comply with the annual reporting requirements under Government Code § 66006(b).
5. Following the fifth fiscal year after the first deposit of fee revenue and every five years thereafter, the Department should comply with the reporting requirements under Government Code § 66001(d).
6. The cost estimates presented in this Nexus Study are in 2019 dollars. The resolution establishing the new fire impact fee should include a provision for annual inflationary adjustments based on the 12-month percentage change in the Construction Cost Index as published by the Engineering News-Record.
7. Fee revenue should be used to fund only the cost of new and expanded facilities, apparatus, vehicles, and equipment to serve new development as further detailed on page 18.

DETERMINATION OF EXISTING DEVELOPMENT

The Department serves both residences and businesses throughout their service area. As such, the demand for the Department's fire protection services and associated fire protection facilities, apparatus, and equipment is measured by its service population (residents or employees) and the structural area (i.e., living area or nonresidential building area) in which they live or work. This section will first determine the service population and structural area within the City. These figures along with the Department's service call data will be used to establish an existing facilities demand factor for the various residential, and nonresidential land uses within the City, which in turn will be used to determine existing development's total facilities demand.

EXISTING SERVICE POPULATION AND STRUCTURAL AREA

The Department provides first-responder fire protection and emergency response services to the City of Manteca. The Department currently serves an estimated resident population of 82,871 and approximately 27,060 occupied and vacant dwelling units. These figures are based on population and housing figures as reported by the California Department of Finance as of January 2018 and adjusted by 2.5% to account for growth in 2018.

The Department also serves an estimated 17,424 workers and protects approximately 7.32 million square feet of new nonresidential building area. The estimated number of workers in the Department is based on a jobs-to-housing ratio of 0.66 provided by the City Planning Department. The estimated nonresidential structural area is calculated by multiplying the number of workers by 410 square feet of nonresidential building area for every worker or 2.44 workers per 1,000 square feet. (See Figure 4 for more information.)

RESIDENT EQUIVALENT DEMAND FACTOR

For purposes of this Nexus Study, a calls-for-service approach is used to help establish the relative fire facilities demand from residential and nonresidential land uses. Specifically, Department service call data is converted into a resident equivalent demand factor, which represents the demand for service from a worker compared to a household resident.

As shown in Figure 3, service call data indicates the property used for service calls for years 2015 through November 27, 2018, were gathered from the Department's Emergency Reporting database software. Over the nearly four-year period, the Department had 15,127 service calls originating from residential property, 1,349 service calls originating from nonresidential properties, and 2,171 service calls from assisted living facilities.

Service calls originating from highways, roads, open fields, or otherwise not classified as originating from a residential or a nonresidential land use were excluded. By dividing service calls for residential and nonresidential land uses by the corresponding estimated number of residents and workers results the relative number of per capita for residential and nonresidential land uses. As shown, City residents are weighted at 1.0, and residents of assisted living facilities and workers in the City are weighted 15.40 and 0.42 compared to City residents.

FIGURE 3 – RESIDENT EQUIVALENT DEMAND FACTOR

	Calc	Residential	Assisted Living Facilities	Nonresidential
Number of Service Calls ¹	a	15,127	2,171	1,349
Residents or Workers ²	b	82,871	772	17,424
Per Capita Fire Service Demand	$c = a / b$	0.18	2.81	0.08
Resident Equivalent Demand Factor	$d = c / 0.18$	1.00	15.40	0.42
Sources: City of Manteca Fire Department; California Department of Finance; SCI Consulting Group				
Notes:				
¹ From District's Emergency Reporting database from January 1, 2015 thru November 27, 2018.				
² See Figure 2. Workers is based on the City's jobs-to-housing ratio of 0.66. Assisted living facilities is based on an inventory study conducted in December 2018 by SCI Consulting Group.				

EXISTING FIRE FACILITIES EDU DEMAND FACTOR

Next, equivalent dwelling unit ("EDU") demand factors are established to compare the relative fire facilities demand across four residential, and three nonresidential land uses. The EDU is also used to convert nonresidential building area to a residential dwelling unit value. This common approach allows for the cost of fire protection facilities, apparatus, and equipment to be fairly apportioned among various land uses.

Figure 4 on the following page shows the calculation of the existing fire facilities EDU demand factor for seven land use categories. The residential land use categories are expressed per dwelling unit, and the nonresidential land use categories are expressed per 1,000 square feet of building area. The occupancy density for each land use category is multiplied by their respective resident equivalent demand factor, then converted to single-family home value. By this measure, for example, one single-family home creates the demand for fire facilities equal to 320 square foot of retail / commercial building area.

Occupancy density for the residential land uses is based on census data from the U.S. Census Bureau's 2013-2017 American Community Survey 5-Year Estimates for the City. See Appendix A for more information. The nonresidential employment density figures are from the 2001 "Employment Density Study" prepared by The Natelson Company, Inc. for the Southern California Association of Governments and are expressed in terms of the number of employees per 1,000 square feet of building area. The density figure for "nonresidential" assumes a mix in the City of 40% retail / commercial, 40% office, and 20% industrial.

FIGURE 4 – EXISTING FACILITIES EDU DEMAND FACTOR

Land Use Category	Unit	Occupancy Density per Unit ¹	Resident Equivalent Demand Factor ²	Existing Facilities EDU Demand Factor
Calc		a	b	$c = (a * b) / 3.20$ (rounded)
Single-Family Housing	DU	3.20	1.00	1.00
Multi-Family Housing	DU	2.43	1.00	0.76
Mobile Home	DU	2.05	1.00	0.64
Residential	DU	3.03	1.00	0.95
Retail / Commercial	KBSF	2.39	0.42	0.32
Office	KBSF	3.12	0.42	0.41
Industrial	KBSF	1.16	0.42	0.15
Nonresidential	KBSF	2.44	0.42	0.32
Assisted Living Facilities ³	Bed	0.95	15.40	4.57
Notes:				
¹ See Appendix A.				
² See Figure 3.				
³ Assumes an assisted living facilities vacancy factor of five (5) percent of all beds.				

EXISTING FIRE FACILITIES DEMAND EDUS

Figure 5 below calculates the existing demand EDUs based on the total number of dwelling units and estimated nonresidential building area within the City. As shown, total existing demand EDUs for the City is 28,184. Existing demand EDUs represents the level of existing development served by the Department's existing fire system.

FIGURE 5 – EXISTING DEMAND EDUS

Land Use Categories	Unit	Existing Units ¹	Fire Facilities EDU Demand Factor ²	Existing Demand EDUs
Calc		a	b	c = a * b
Single Family Housing	DU	22,389	1.00	22,389
Multi-Family Housing	DU	3,854	0.76	2,929
Mobile Home	DU	817	0.64	523
Nonresidential	KBSF	7,322	0.32	2,343
Total		34,382		28,184

Source: California Department of Finance; SCI Consulting Group

Notes:

¹ Existing housing unit count is from the California Department of Finance as January 1, 2018 and adjusted by 2.5% for anticipated growth in 2018. Nonresidential building area assumes a jobs-to-housing ratio of 0.66 and average building area of 410 square feet per employee.

² See Figure 4.

DETERMINATION OF EXISTING FIRE SYSTEM FACILITIES

EXISTING FIRE SYSTEM FACILITIES

The next step in determining the Department's existing facilities standard is to calculate the replacement value of the Department's fire protection and emergency response facilities system. Figure 7 below presents a summary of replacement value (in 2019 dollars) for the Department's existing facilities (land and stations), apparatus (engines, command vehicles, and other vehicles) and equipment (ancillary and station).

The estimated replacement value of the Department's fire stations is based on the estimated construction cost for Station 245 of \$847 per square foot and \$250,000 per acre for the land. The estimated replacement value of the Department's apparatus, vehicles, and ancillary equipment inventory is based on unit cost assumptions provided by the Department. Estimated values of older apparatus have been discounted from the replacement value of the new apparatus to reflect their age. (The detailed inventory and estimated replacement value for each is provided in Appendix C.) Other equipment value is from the City's records of insured personal property (e.g., contents) at existing fire stations.

As shown on the following page, the estimated value of the Department's existing facilities, apparatus, and equipment is \$27.7 million in 2019 dollars.

FIGURE 6 – REPLACEMENT VALUE OF EXISTING FIRE SYSTEM FACILITIES

Fee Components	Total Replacement Value (2019\$)
Land	\$882,500
Stations / Other Buildings	\$21,043,968
Apparatus / Vehicles	\$3,683,125
Ancillary Equipment	\$821,800
Other Equipment	\$1,312,221
Total Existing Fire System Facilities	\$27,743,614

Source: City of Manteca Fire Department; SCI Consulting Group

EXISTING FIRE FACILITIES STANDARD

The Department's ratio of existing facilities, apparatus, and equipment to the existing demand establishes the standard for determining new development's fair share of the cost to replace and expand the Department's facilities as growth occurs. As shown below, the standard is represented by the existing fire system facilities cost of \$984.37 per demand EDU.

FIGURE 7 – FIRE FACILITIES COST PER DEMAND EDU

Existing Fire System Facilities ¹	\$27,743,614
Existing Demand EDUs ²	28,184
Existing Fire Facility Cost Per EDU	\$984.37

Notes:

¹ See Figure 6.

² See Figure 5.

DETERMINATION OF THE FIRE IMPACT FEE

The Mitigation Fee Act requires that development impact fees be determined in a way that ensures a reasonable relationship between the amount of the fee and the cost of facilities, apparatus, and equipment attributable to the development on which the fee is imposed. In this section, the Department's facilities standard is applied to seven land uses categories in proportion to the demand they create as measured by their fire facilities EDU demand factor.

RESIDENTIAL FIRE IMPACT FEE

Since residential land uses have varying dwelling unit occupancies and sizes, the residential fire impact fee is expressed on a per square footage basis for the following three residential land use categories. The fire impact fee for assisted living facilities is expressed per bed in the facility. These residential land use categories are defined below.

- **"Single-family housing"** means detached or attached one-family dwelling unit with an assessor's parcel number for each dwelling unit; and
- **"Multi-family housing"** means buildings or structures designed for two or more families for living or sleeping purposes and having kitchen and bath facilities for each family, and
- **"Mobile home"** means a development area for residential occupancy in vehicles which require a permit to be moved on a highway, other than a motor vehicle designed or used for human habitation and for being drawn by another vehicle; and
- **"Assisted living facility"** means buildings or structures designed for independent living, assisted living, and retirement living facilities.

The fire impact fee shall be charged on the square footage within the perimeter of a residential structure. Garages, carport, walkway, overhangs, patios, enclosed patios, detached storage structures, or similar areas are excluded.

Figure 8 on the following page presents the calculation of the Department's proposed residential fire impact fees. The City may adopt the following fees at or below the levels determined by this Nexus Study. As shown, the residential fees are determined by multiplying the facilities standard by their respective facilities demand EDU factor plus an additional 2 percent for annual administration of the fire impact fee program. The fee program administrative cost component is designed to offset the cost of collection,

documentation, annual reporting requirements, five-year report requirements, periodic Nexus Study updates, and other costs reasonably related to compliance with the Act.

FIGURE 8 – MAXIMUM RESIDENTIAL FIRE IMPACT FEES

Residential Land Use Category	Facility Standard ¹	Facilities Demand	Cost per Unit	Admin. Expense 2% ³	Average	Maximum Residential Fee ⁵
		EDU Factor ²			Living Area per Sq. Ft. ⁴	
Calc	a	b	c = a * b	d = c * 0.02	e	f = (c + d) / e
			<i>- per dwelling unit -</i>			<i>- per sq. ft. -</i>
Single-Family Housing	\$984.37	1.00	\$984.37	\$19.69	1,901	\$0.52
Multi-Family Housing	\$984.37	0.76	\$748.12	\$14.96	866	\$0.88
Mobile Home	\$984.37	0.64	\$630.00	\$12.60	1,200	\$0.53
			<i>- per bed -</i>			<i>- bed -</i>
Assisted Living Facility	\$984.37	4.57	\$4,498.59	\$89.97	NA	\$4,588.56

Notes:

¹ See Figure 7.

² See Figure 4.

³ Collection, documentation, annual reporting requirements, five-year report requirements, periodic Nexus Study updates and other costs reasonably related to compliance with the Act.

⁴ Based on San Joaquin County Assessor's data as of July 2018.

⁵ Maximum residential fire impact fees are rounded down to the nearest cent.

NONRESIDENTIAL FIRE IMPACT FEES

As stated earlier, the Mitigation Fee Act requires that development impact fees be determined in a way that ensures a reasonable relationship between the fee and the type of development on which the fee is imposed. Since different nonresidential land uses have varying employment densities, the nonresidential fire impact fee is expressed per square foot of building area based on their respective facilities demand EDU factor for three nonresidential land use categories. The three nonresidential land use categories are as follows:

- **"Retail / Commercial"** means retail, commercial, educational and hotel/motel construction;
- **"Office"** means general, professional and medical office construction; and
- **"Industrial"** means manufacturing construction.

The nonresidential fee shall be charged for “covered and enclosed space” within the perimeter of a nonresidential structure. Any storage areas incidental to the principal use of the development, garage, parking structure, unenclosed walkway, or utility or disposal area are excluded.

Figure 9 below presents the calculation of the nonresidential fire impact fees. The City may adopt on their behalf, the following fees at or below the levels determined by this Nexus Study. As shown, the fees for the three nonresidential land uses are determined by multiplying the facilities standard by their respective facilities demand factor plus an additional 2 percent for administration of the fire impact fee program. Note that the costs are expressed per 1,000 square feet of nonresidential building area and then converted to a per-square-foot fee.

FIGURE 9 – MAXIMUM NONRESIDENTIAL FIRE IMPACT FEES

Nonresidential Land Use Category	Facility Standard ¹	Facilities Demand EDU Factor ²	Cost per Unit	Admin. Expense 2% ³	Total Cost per Unit	Maximum Nonres. Fire Impact Fee ⁴	
							Calc
			----- per 1,000 sq. ft. of building area -----				- per sq. ft. -
Retail / Commercial	\$984.37	0.32	\$315	\$6.30	\$321.30	\$0.32	
Office	\$984.37	0.41	\$404	\$8.07	\$411.67	\$0.41	
Industrial	\$984.37	0.15	\$148	\$2.95	\$150.61	\$0.15	

Notes:

¹ See Figure 7.

² See Figure 4.

³ Collection, documentation, annual reporting requirements, five-year report requirements, periodic Nexus Study updates and other costs reasonably related to compliance with the Act.

⁴ Maximum nonresidential fire impact fees are rounded down to the nearest cent.

PROJECTED FIRE IMPACT FEE REVENUE

Figure 10 projects fee revenue from all approved and proposed housing units within the City as of April 2018. (See Appendix B for more information.) Total fire impact fee revenue (in 2019 dollars) is then estimated by multiplying the facilities standard by demand EDU growth for units.

FIGURE 10 – PROJECTED FIRE IMPACT FEE REVENUE

Land Use Category	Current		Total Cost per Demand EDU ³	Projected Fire Impact Fee Revenue (2019\$)
	Demand EDUs (2019) ¹	Demand EDU Growth (2039) ²		
Calc	a	b	c	d = b * c
Residential	25,841	7,816	\$984.37	\$7,694,000
Nonresidential	2,343	696	\$984.37	\$685,000
Total	28,184	8,512	\$984.37	\$8,379,000

Source: City of Manteca Fire Department; SCI Consulting Group

Notes:

¹ See Figure 5.

² Demand EDUs for all approved and proposed projects in the City.

³ See Figure 7.

It is important to note that the maximum fire impact fee determined by this Nexus Study is not directly influenced by the level of development. The fire impact fee is determined with an open-end approach based on the Department's existing level of service rather a definite facility plan and a definite level of future development. Therefore, the fire impact fee will not be affected whether the actual level of development is at a significantly higher or lower rate than projected.

PLANNED FIRE SYSTEM FACILITIES

In Manteca, the Department has four fire stations serving existing development. To accommodate future growth, the Department is planning to construct two new fire stations. Figure 11 on the following page presents the Department's remaining planned fire facilities, apparatus, and equipment through the development of all the approved and proposed units in the City. The Department's planned facility improvements, in 2019 dollars, through the development of all units include the construction of Station 245 and Station 246 and two Type 1 engines for each new station.

Additionally, the Department will need to replace apparatus, vehicles, and equipment more quickly due to the increase in service calls from the growth in the persons and the structural area created by new units. The Department will be able to use fee proceeds to fund 30.2 percent or approximately \$2.1 million of the estimated \$7 million in apparatus, vehicles, and equipment replacement costs.¹ This amount represents costs attributable to the increased demand for existing apparatus and vehicles replacement in order to maintain the Department's existing level of service.

FIGURE 11 – PLANNED FACILITIES, APPARATUS, AND EQUIPMENT

Item	Total Estimated Cost (2019\$)
Station 245 Construction	\$4,600,000
Station 246 Construction	\$4,600,000
New Type 1 Engine and Equipment	\$720,000
New Type 1 Engine and Equipment	\$720,000
New Type 1 Engine and Equipment	\$720,000
New Type 1 Engine and Equipment	\$720,000
Apparatus, Vehicles, and Equipment Replacement Attributable to New Development	\$2,117,127
Apparatus, Vehicles, and Equipment Replacement Attributable to Existing Development	\$5,682,873
Capital Improvement Plan	\$19,880,000

Source: City of Manteca Fire Department

It is important to note at the fire impact fee program is designed not to be dependent on a specific capital improvement plan and specific level of new development. Only enough fee revenue will be generated for the Department to expand its existing level of service to serve the growing community. Fee revenue may be used to fund up to 100% of the cost of the Station 245, Station 246, associated new type 1 engines and equipment, and up to 30.2 percent the replacement cost of apparatus, vehicle and equipment purchases. Fee revenue may not be used to fund 1) the renovation of existing facilities, and 2) operational, maintenance or repair costs.

Figure 12 on the following page demonstrates that the Department's unexpended fire impact fee proceeds and projected fee revenue will fund approximately 56 percent or

¹ Represents the percentage growth in EDUs thru development of the vested units.

\$11.2 million of the \$19.9 million in planned facilities. The Department will need to fund the shortfall, and any other improvements not currently identified, with other funding sources. Other potential sources of funds include, but are not limited to, a general obligation bond measure, state and federal grants, the City's general fund, and existing or new special tax and assessment proceeds, if allowable.

FIGURE 12 – FACILITIES FINANCING PLAN AT BUILDOUT

	Calc	
Total Cost of Planned Facilities ¹	a	\$19,880,000
Unexpended Fire Impact Fee Funds (As of December 31, 2018)	b	\$2,800,000
Remaining Cost of Planned Facilities	c = a - b	\$17,080,000
Total Projected Fee Revenue ²	d	\$8,379,000
Surplus / (Shortfall)	e = d - c	(\$8,701,000)

Sources: City of Manteca Fire Department; SCI Consulting Group

Notes:

¹ See Figure 11

² See Figure 10.

NEXUS FINDINGS

This section frames the Nexus Study findings in terms of the legislated requirements to demonstrate the legal justification of the fire impact fees. The justification of the fire impact fees on new development must provide information as set forth in Government Code § 66000. These requirements are discussed below.

PURPOSE OF FEE

The purpose of the fire impact fee is to fund the cost of fire protection and emergency response facilities, apparatus, and equipment attributable to new residential and nonresidential development. The fire impact fees will ensure that new development will not burden existing development with the cost of facilities required to accommodate growth as it occurs.

USE OF FEE REVENUE

Fee revenue will be used to fund the cost of new and expanded facilities, apparatus, and equipment to serve new development, such as, but not limited to, those identified in Figure 11. Provided below is a summary of the allowable and prohibited uses of fee revenue.

FIGURE 13 – SUMMARY OF ALLOWABLE AND PROHIBITED USES OF FEE REVENUE

<u><i>Allowable Uses</i></u>	<u><i>Prohibited Uses</i></u>
<ul style="list-style-type: none"> • <i>New (added) or expanded land and facilities costs (100%)</i> • <i>Apparatus, vehicles and equipment purchases that expand the system inventory (100%)</i> • <i>Facility costs already incurred to provide growth-related capacity (100%)</i> • <i>A portion of apparatus, vehicles, and equipment replacement costs attributable to new development (30.2%)</i> • <i>Portion of a renovation project that expands service capacity</i> 	<ul style="list-style-type: none"> • <i>Existing deficiencies, such as improvements to existing facilities that do not expand service capacity</i> • <i>Portion of apparatus, vehicles, and equipment replacement costs attributable to existing development (69.8%)</i> • <i>Operational, maintenance or repair costs</i>

BENEFIT RELATIONSHIP

The fee will be collected as development occurs. In order to maintain its existing level of fire protection and emergency response services, fee revenue will be used to expand the Department's facilities and equipment and replace and expand Department apparatus and vehicles to meet the additional demand generated by the new residents and employees and the new structural area created by new development projects.

Fee revenue will be deposited into a separate fire impact fee account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the Department. The fee revenue will be restricted to uses described in the "Use of Fee Revenue" finding. These actions ensure development project paying the fees will benefit from their use.

IMPACT RELATIONSHIP

New residential and nonresidential development projects in the Department will grow the persons (residents and employees) and the structural area (residential area and nonresidential building area) in persons live or work. The growth in persons and structural area will create additional need for the Department's fire protection and prevention, emergency response service and a corresponding need for new or expanded facilities, and replacement of apparatus, vehicles, and equipment. The fee will be imposed on different types of development projects to the additional service population generated and structural area created by new development projects.

PROPORTIONALITY RELATIONSHIP

The cost of fire protection facilities, apparatus, and equipment attributable to a development project is based upon the level of existing development served by the Department's existing fire protection and emergency response facilities. The use of a facilities standard methodology to determine the fire impact fee achieves proportionality between existing development and new development. Moreover, these equivalent costs are applied to seven land use categories in proportion to the need they create for improved and expanded facilities.

Larger development projects will generate a higher number of persons and structural area to protect and, as a result, will pay a higher fee than smaller development projects. Thus, the application of the fire impact fee schedule to a specific project ensures a reasonable relationship between the fee and the cost of the facilities, apparatus, and equipment attributable to that project.

FEE PROGRAM ADOPTION REQUIREMENTS

The following are the general requirements for approval of the Nexus Study and proposed fire impact fee program ("fee program") by the City Council. The specific statutory requirements for the adoption of the fee program may be found in the Mitigation Fee Act (California Govt. Code § 66000 et seq.).

1. The City Council shall conduct at least "one open and public meeting" as part of a regularly scheduled meeting on the proposed fee program.
2. At least 14 days before the meeting, the City shall mail out a notice of the meeting to any interested party who filed a written request for notice of the adoption of new or increased fees.
3. At least 10 days before the meeting, the City shall make available to the public the Nexus Study for review.
4. At least 10 days before the public hearing, a notice of the time and place of the meeting shall be published twice in a newspaper of general circulation with at least three days intervening between the dates of first and last publication not counting such publication dates.
5. After the public hearing, adopt an ordinance establishing the proposed fee program.
6. The fire impact fees take effect 60 days after adoption of the City ordinance.

FEE PROGRAM ADMINISTRATION REQUIREMENTS

This section contains general requirements for the administration of the fee program. The specific statutory requirements for the administration of the fee program may be found in the Mitigation Fee Act (California Govt. Code § 66000 et seq.).

ACCOUNTING REQUIREMENTS

Proceeds from the fire impact fee should be deposited into a separate fund or account so that there will be no commingling of fees with other revenue. The fire impact fees should be expended solely for the purpose for which they were collected. Any interest earned by such account should be deposited in that account and expended solely for the purpose for which originally collected.

REPORTING REQUIREMENTS

The following information, entitled *Annual Report*, must be made available to the public within 180 days after the last day of each fiscal year:

- a brief description of the type of fee in the account;
- the amount of the fee;
- the beginning and ending balance of the account;
- the fees collected that year and the interest earned;
- an identification of each public improvement for which the fees were expended and the amount of the expenditures for each improvement;
- an identification of an approximate date by which development of the improvement will commence if the local agency determines that sufficient funds have been collected to complete financing of an incomplete public improvement;
- a description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, the date on which any loan will be repaid, and the rate of interest to be returned to the account; and
- the amount of money refunded under section Govt. Code § 66001.

The Department shall review the information made available to the public pursuant to paragraph (1) at the next regularly scheduled public meeting, not less than 15 days after this information is made available to the public, as required by this subdivision. Notice of the time and place of the meeting, including the address where this information may be

reviewed, shall be mailed, at least 15 days prior to the meeting, to any interested party who files a written request with the Department or the City for mailed notice of the meeting. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service.

For the fifth fiscal year following the first receipt of any fire impact fee proceeds, and every three years thereafter, the Department must comply with Government Code Section 66001(d)(1) by affirmatively demonstrating that the Department still needs unexpended fire impact fees to achieve the purpose for which it was originally imposed and that the Department has a plan on how to use the unexpended balance to achieve that purpose. Specifically, the Department shall make all of the following findings, entitled Five-year Report, with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put;
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged;
- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements; and
- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

The City shall provide for the refund of all or any part of such unexpended or unappropriated fee revenue, together with any actual interest accrued thereon, in the manner described in Section 66001 (e) of the Government Code, to the current record owner of any property for which a fee was paid; provided that if the administrative costs of refunding such fee revenue exceed the amount to be refunded.

ANNUAL INFLATIONARY ADJUSTMENT

In order for the Department to maintain its level of service, the fee will need to be automatically adjusted annually commensurate with changes in the cost of facilities, apparatus, and equipment. Therefore, the fire impact fee should be adjusted by the annual percentage change in the Construction Cost Index as published by the Engineering News-Record, or its successor publication for the preceding twelve months.

IMPROVEMENTS IN-LIEU OF FEES

Subject to certain restrictions, if a developer dedicates land, constructs facilities and / or provide apparatus/equipment for the Department, the fire impact fees imposed on that development project may be adjusted to reflect a credit for the cost of the dedicated land, facilities constructed and / or apparatus/equipment provided.

FEE CREDITS

In order to comply with the Act and recent court cases, a fee credit must be given for demolished existing square footage as part of a new development project.

APPENDICES

Appendix A – Dwelling Unit Occupancy Factor

Appendix B – Approved and Proposed Development Projects

Appendix C – Fire System Inventory and Replacement Cost Estimates

Appendix D – Comparison of Current and Proposed Fire Impact Fees

Appendix E – Fire Impact Fee Survey of Neighboring Jurisdictions

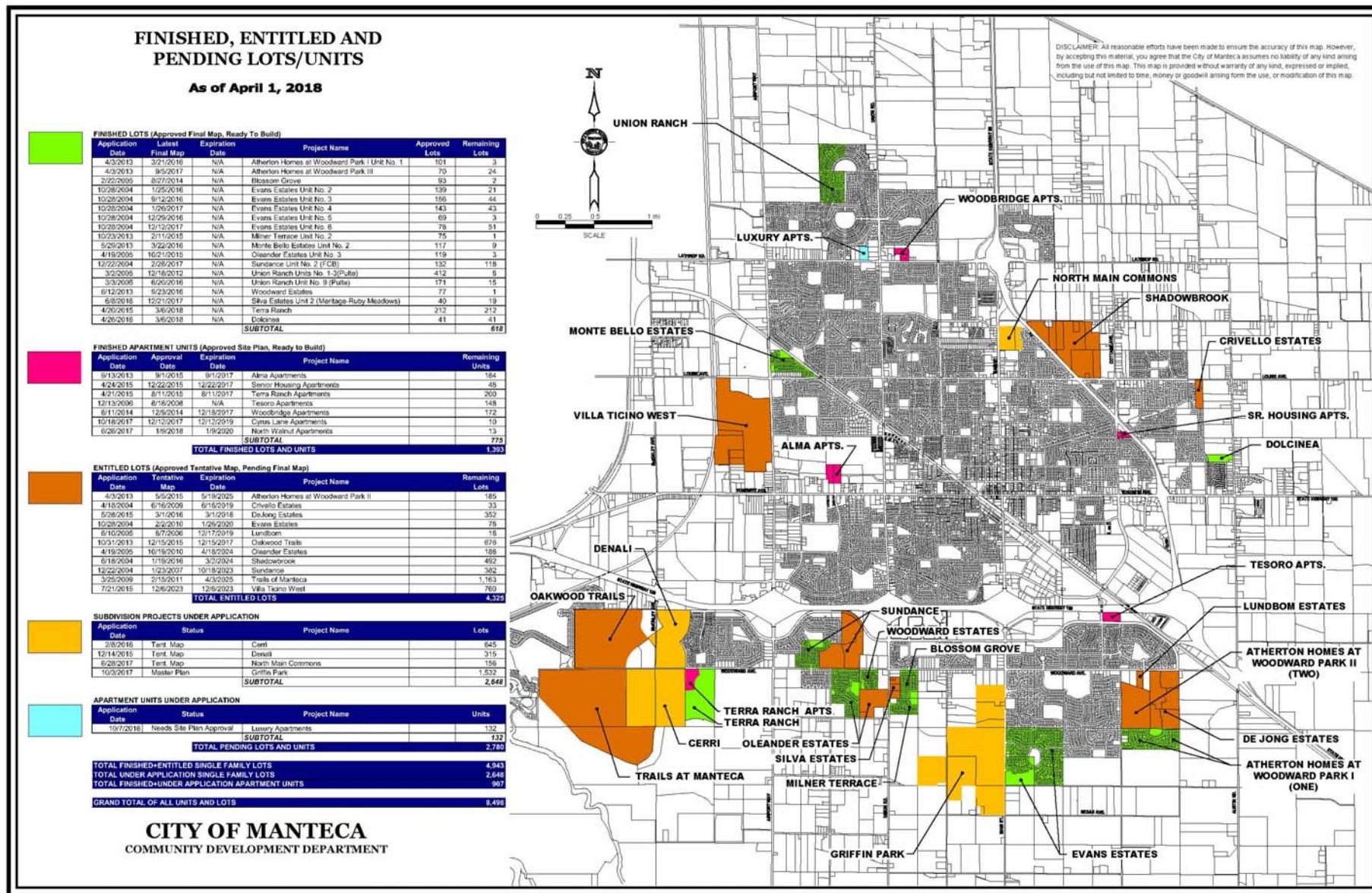
APPENDIX A – DWELLING UNIT OCCUPANCY FACTOR

FIGURE 14 – DWELLING UNIT OCCUPANCY FACTOR

Land Use Categories	Dwelling	Resident	Dwelling	
	Units	Population	Unit Occupancy Factor	
	Calc	a	b	c = a / b
Single-Family Housing	19,673	62,860	3.20	
Multi-Family Housing	4,330	10,527	2.43	
Mobile Home	633	1,295	2.05	
Average (2010 Census)	24,636	74,682	3.03	

Source: U.S. Census Bureau, 2017 ACS 5-Year Estimate for City of Manteca

APPENDIX B – APPROVED AND PROPOSED DEVELOPMENT PROJECTS



APPENDIX C – FIRE SYSTEM INVENTORY AND REPLACEMENT COST ESTIMATES

FIGURE 15 – EXISTING LAND AND BUILDING INVENTORY

Fire Station ¹	Amount		Unit Cost	Replacement Cost (2019\$)
	Calc	a	b	c = a * b
Station 241 - 290 S. Powers Avenue				
Land		1.44 acres	\$250,000 per acre	\$360,000
Buildings		6,850 sq. ft.	\$848 sq. ft.	\$5,808,800
Station 242 - 1154 S. Union Road				
Land		1.06 acres	\$250,000 per acre	\$265,000
Buildings		10,000 sq. ft.	\$848 sq. ft.	\$8,480,000
Station 243 - 399 W. Louise Avenue				
Land		0.24 acres	\$250,000 per acre	\$60,000
Buildings		2,536 sq. ft.	\$848 sq. ft.	\$2,150,528
Station 244 - 1465 Lathrop Road				
Land ²		0.99 acres	\$0 per acre	\$0
Buildings		5,430 sq. ft.	\$848 sq. ft.	\$4,604,640
Station 245 - 1673 E. Woodward Avenue				
Land		0.79 acres	\$250,000 per acre	\$197,500
Buildings ³		0 sq. ft.	\$0 sq. ft.	\$0
Total Existing Facilities (Land and Buildings)				\$21,926,468

Source: City of Manteca Fire Department; SCI Consulting Group

Notes:

¹ Excludes storage units and modular buildings.

² Land for station 244 was dedicated by a developer.

³ Station 245 will break ground in March 2019 and it anticipated to open in April 2020.

FIGURE 16 – EXISTING APPARATUS AND EQUIPMENT INVENTORY

Engine #	Make / Model	Type	Year Built	Apparatus / Vehicles ¹	Ancillary Equipment	Replacement Value (2019\$)
Apparatus / Vehicles						
7028	Ford F550 (R24)	Light Rescue	2003	\$37,500	\$25,000	\$62,500
7037	Amr. LaFrance (E243)	Type 1	2007	\$285,000	\$75,000	\$360,000
7038	Amr. LaFrance (E244)	Type 1	2007	\$285,000	\$75,000	\$360,000
7039	Sutphen Truck (T24)	Quint Aerial	2008	\$800,000	\$125,000	\$925,000
7046	Spartan (E242)	Type 1	2015	\$570,000	\$75,000	\$645,000
7047	Freightliner (E24)	Type 3	2017	\$350,000	\$75,000	\$425,000
7017	Pierce 4 Dr. (E246)	Type 1	1989	\$142,500	\$75,000	\$217,500
7022	Amr. LaFrance (E245)	Type 1	1997	\$142,500	\$75,000	\$217,500
7029	Amr. LaFrance (E243)	Type 1	2003	\$142,500	\$75,000	\$217,500
7040	Westates OES (E247)	Type 1	2006	\$285,000	\$75,000	\$360,000
7027	Ford Explorer	Staff	1999	\$16,250	\$2,700	\$18,950
7031	Ford Explorer	Staff	2002	\$16,250	\$2,700	\$18,950
7032	Ford Explorer	Staff	2003	\$8,750	\$2,700	\$11,450
7033	Ford Taurus	Staff	2003	\$16,250	\$2,700	\$18,950
7035	Ford Expedition	Staff	2008	\$32,500	\$6,000	\$38,500
7036	Ford F350 Flatbed	Utility	2009	\$5,625	\$5,000	\$10,625
7041	Ford Expedition	Battalion	2009	\$48,750	\$6,000	\$54,750
7042	Ford Expedition	Battalion	2009	\$48,750	\$6,000	\$54,750
7043	Ford Interceptor	Battalion	2013	\$48,750	\$6,000	\$54,750
7044	Ford F150	Battalion	2015	\$65,000	\$6,000	\$71,000
7045	Toyota Tacoma	Staff	2014	\$65,000	\$0	\$65,000
7048	Dodge Ram	Staff	2018	\$65,000	\$6,000	\$71,000
7049	Jeep Cherokee	Staff	2019	\$65,000	\$0	\$65,000
307	Trench Trailer	Utility	2003	\$1,875	\$5,000	\$6,875
701	USAR-24 Trailer	Utility	2006	\$3,750	\$5,000	\$8,750
702	Safety Trailer	Utility	2007	\$3,750	\$5,000	\$8,750
7018	Flatbed Trailer	Utility	1990	\$1,875	\$5,000	\$6,875
7157	Chevy Tahoe SAFE	Volunteer	2018	\$65,000	\$0	\$65,000
7158	Chevy Silverado SAFE	Volunteer	2018	\$65,000	\$0	\$65,000
Total Apparatus and Equipment				\$3,683,125	\$821,800	\$4,504,925

Source: City of Manteca Fire Department

Notes:

¹ Value based on estimated current replacement value. Adjustments have been made to discount apparatus and vehicles based on age (0 - 5 years at 100% , 6-10 years at 75% ; 11 - 15 years at 50% and 16 years or more at 25% .)

APPENDIX D – COMPARISON OF CURRENT AND PROPOSED FIRE IMPACT FEE

FIGURE 17 – COMPARISON OF CURRENT AND PROPOSED FIRE IMPACT FEE

Land Use Categories	Unit	Current	Maximum	% Change
Single-Family Housing	BSQFT	\$0.30	\$0.52	73.3%
Multi-Family Housing	BSQFT	\$0.36	\$0.88	144.4%
Mobile Home	DU/BSQFT	\$732.78	\$0.53	-13.2%
Retail / Commercial	BSQFT	\$0.22	\$0.32	45.5%
Office	BSQFT	\$0.29	\$0.41	41.4%
Industrial	BSQFT	\$0.10	\$0.15	50.0%
Assisted Living Facility	Bed	\$2,205.64	\$4,588.56	108.0%

Example - Fee for Average Dwelling Unit

Residential Development	Per Average Dwelling Unit		
Single-Family Housing	\$570	\$989	73.3%
Multi-Family Housing	\$312	\$762	144.4%
Mobile Home	\$733	\$636	-13.2%

APPENDIX E – FIRE IMPACT FEE SURVEY OF NEIGHBORING JURISDICTIONS

FIGURE 18 – FIRE IMPACT FEE SURVEY OF NEIGHBORING JURISDICTIONS

Jurisdiction	SFR	MFR	Retail / Other	Office	Industrial
City of Manteca (Proposed)	\$989	\$762	\$0.32	\$0.41	\$0.15
City of Manteca (Current)	\$570	\$312	\$0.22	\$0.29	\$0.10
City of Fresno	\$758	\$572	\$0.27	\$0.27	\$0.27
City of Lodi	\$385	\$270	\$0.34	\$0.54	\$0.18
City of Merced (est.)	\$608	\$494	\$0.16	\$0.25	\$0.12
City of Modesto (est.)	\$1,016	\$685	\$0.74	\$0.49	\$0.19
City of Stockton	\$781	\$658	\$0.06	\$0.12	\$0.05
City of Tracy (Public Safety)	\$1,353	\$902	\$0.68	\$0.41	\$0.14
City of Turlock (est.)	\$509	\$446	\$0.40	\$0.46	\$0.18
City of Woodland	\$1,420	\$1,063	\$0.95	\$1.01	\$0.49

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