

## Willdan Response to DPFG Comments

The following summarizes and responds the DPFG's October 16, 2024 Comments on The Nexus Study

1. The Willdan Consultant stated that the growth projections are no longer based on a specific year and are instead just "buildout" projections. However, the data source for these projections is Table 3.2b from page 46 of the General Plan.

Response: The General Plan is somewhat ambiguous in that does refer to the year 2040 as the planning horizon for the document, but also indicates that Table 3.2b includes the development potential within the City limits. Willdan reviewed the General Plan EIR which confirmed that that Table 3.2b included a buildout of potential development within City limits. The updated nexus study will continue to refer to the planning horizon of the document as "buildout."

2. The Willdan Consultant stated it is not true that approximately \$8.8 million in planned sewer facilities labeled as an "Existing Deficiency" in the City's 2021 Wastewater Master Plan are being allocated at 100% to new development.

Response: In review, the WWMP is inconsistent. In one map certain facilities are identified as deficient, but in Table 8.3 (the CIP table which identifies project costs) those facilities are not noted as correcting deficiencies. City staff contacted the WWMP consultant who reviewed the issue and confirmed that the projects in question are in fact deficient. Willdan has removed those project costs from allocation to new development in the fee calculations.

3. In response to comments on the cost of the new Police Station being estimated at \$71.8 million in the revised study when the FY 2025-2029 CIP shows a construction budget of \$50 million with \$1 million of funding already identified, the Willdan Consultant stated they reviewed the unit costs of the anticipated construction and updated it based on other city's experience.

Response: City staff directed Willdan to revise the project costs for the new police station, which are now assumed to be \$56,400,000.

4. During the meeting it was stated that the Storm Drain fee was revised.

Response: After discussing the storm drain fee issues with the stakeholders, the nexus study has been revised to only include the cost of a storm drain master plan in the fee calculation. Since there are no projects to mitigate drainage impacts, developers will be

responsible for mitigating all project impacts on a case-by-case basis, until the master plan is completed and a revised storm drain impact fee is implemented by the City.

5. The Willdan Consultant stated that the High-Cube Warehouse trip rate of 0.32 is an average of average of four different industrial trip rate factors, and that utilizing a blended rate in a fee study is typical when it makes sense for particular local circumstances.

Response: After discussing the HCW trip rate concerns with the stakeholders it was agreed that the average HCW trip rate would be used to estimate existing and future trips, and the individual trip rates for the four HCW categories would be charged based on the individual project characteristics. Any development project that results in intensification of trip demand will be subject to the corresponding land use fee, and a credit will be provided for any previously paid fee.

6. The Sewer Capacity fee results in new development paying for approximately 52.5% of the \$324,120,096 in Net System Value ( $\$12,695 \text{ per EDU} \times 13,422 \text{ EDUs} = \$170,392,290$ ) when new development will only represent approximately 41.9% of EDUs at buildout.
7. Taking the Sewer Capacity cost per EDU times the total EDUs at buildout results in revenues larger than the Adjusted System Value of the sewer treatment plant for which the City desires to collect revenues for ( $\$12,695 \text{ per EDU} \times 32,049 \text{ EDUs} = \$406,862,055$ ). Should the Sewer Capacity fee be  $\$10,113 \text{ per EDU}$ ? ( $\$324,120,096 / 32,049 \text{ EDUs} = \$10,113$ )

Response to Questions 6 and 7: The commentor misunderstands the premise of the capacity fee. The fee allows new development to buy into the WWTPs excess capacity. Once that capacity is used, then the fee can no longer be collected. The WWTP does not have sufficient capacity to accommodate the entire projected growth to buildout, so that fee would not generate the figures cited above.

8. What is the source for the \$125,000,000 cost estimate for Beaumont Avenue / I-10 Interchange Project (R-37)? There seems to be a large discrepancy between the Capital Improvement Program budget and the budget in the revised study.

Response: City staff provided the figures for project R-37. The CIP only includes design costs, which in addition to other alternative funding have been netted out of the total cost of the project allocated to the fee program.

9. Will projects ultimately be charged by EDU for Sewer Facilities, Sewer Capacity, and Recycled Water fees or will fees be calculated by square footage?

Response: All projects will be charged per square foot based on the characteristics of each project.

10. Multiple projects identified in the planned facilities list for various fees appear to already have funding from prior years through impact fees, grants, or the general fund, per the Capital Improvement Program (see attached Exhibit D), yet all or a portion of their costs are still being allocated to new development. How is this justified and is this not effectively “double dipping” or over collecting of fee revenue by the City?

Response: City staff provided Willdan with the latest CIP, dated October 15, 2024. The nexus study has been revised to exclude fully funded projects, and net out prior funding. Further, City staff has provided Willdan with the latest impact fee fund balances, which have been used to further reduce the cost of facilities allocated to the impact fee program.

11. The Sewer Capacity Fee’s Current System Asset Valuation includes replacement costs for Lift Stations and Collection and Conveyance assets. There are also existing lift stations and collection systems that will need to be replaced or upsized in the facilities list for the Sewer Facilities Fee. Is there an overlap between these that might cause new development to pay twice for the same facility? Can backup be provided for what these assets are?

Response: the capacity fee has been revised to exclude portions of the adjusted system value associated with lift stations, collections and conveyance, which are being funded through the sewer facilities fee.