

CITY OF FREMONT

COMPREHENSIVE DEVELOPMENT IMPACT FEE UPDATE

CAPITAL FACILITIES FEE TECHNICAL REPORT

MAY 17, 2021



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Executive Summary

This report documents an analysis of development impact fees needed to support future development in the City of Fremont through 2035. In this analysis, capital facilities include city administration, police, animal shelter, maintenance, development services, human services, library facilities and information technology and communications infrastructure.

This report is accompanied by a *Comprehensive Development Impact Fee Update Background Report*. The *Background Report* documents common assumptions to this report, and technical reports for the City's other impact fees that are also being comprehensively updated at this time. The *Background Report* also summarizes the analysis contained in this report, provides implementation guidelines and presents the findings required by the Mitigation Fee Act (Cal. Gov't Code Section 66000 *et seq.*).

Table E.1 displays the maximum justified capital facilities fees based on the analysis contained in this report.

Table E.1: Capital Facilities Fee - Existing Standard

Land Use	A	B	C = A x B	D = C x 0.02	E = C + D
	Cost Per Capita	Density	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹
<i>Residential - Number of Bedrooms</i>					
0	\$ 1,125	1.19	\$ 1,339	\$ 27	\$ 1,366
1	1,125	1.61	1,811	36	1,847
2	1,125	2.39	2,689	54	2,743
3	1,125	3.06	3,443	69	3,512
4	1,125	3.59	4,039	81	4,120
Each Bedroom Above 4	1,125	0.71	799	16	815
<i>Nonresidential - Per 1,000 Square Feet or Hotel Room</i>					
Office	\$ 349	2.99	\$ 1,044	\$ 21	\$ 1,065
Retail / Service	349	1.78	621	12	633
Warehouse	349	1.28	447	9	456
Light Industrial	349	1.00	349	7	356
Manufacturing	349	1.82	635	13	648
Research & Development	349	2.31	806	16	822
Hospital / Convalescent / Nursing Home	349	1.00	349	7	356
Public / Institutional	349	2.58	900	18	918
Hotel / Motel	349	0.57	199	4	203

¹ Fee per dwelling unit, by number of bedrooms for residential or per 1,000 square feet or hotel room for nonresidential.

² Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: *Comprehensive Development Impact Fee Update Background Report*, Table 2.2 and 6; Willdan Financial Services.

Capital Facilities Fee

The purpose of the capital facilities impact fee is to fund the capital facilities needed to serve new development. In this analysis, capital facilities include city administration, police, animal shelter and library facilities. The maximum justified impact fee presented was determined based on the existing inventory standard.

Service Population

Capital facilities serve both residents and businesses. Therefore, demand for services and associated facilities is based on the City's service population including residents and workers.

Table 1 shows the existing and future projected service population for capital facilities. It is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. This analysis assumes that the average amount of time working, relative to the amount of time not working is a reasonable proxy for the relative amount of demand for facilities by a worker relative to a fulltime resident. As such, the 0.31-weighting factor for workers is based on a 40-hour workweek divided by the total number of non-work hours in a week (128).

Table 1: Capital Facilities Impact Fee Service Population

	A Persons	B Weighting Factor	A x B = C Service Population
<u>Residents</u>			
Existing (2020)	232,600	1.00	232,600
New Development (2020-2035)	<u>30,600</u>	1.00	<u>30,600</u>
Total (2035)	263,200		263,200
<u>Workers</u>			
Existing (2020)	111,800	0.31	34,700
New Development (2020-2035)	<u>26,700</u>	0.31	<u>8,300</u>
Total (2035)	138,500		43,000
<u>Combined</u>			
Existing (2020)			267,300
New Development (2020-2035)			<u>38,900</u>
Total (2035)			306,200

Note: Workers are weighted at 0.31 of residents based on the ratio of work hours to non-work hours in a week (40/128).

Sources: *Comprehensive Development Impact Fee Update Background Report*, Table 2.1; Willdan Financial Services.

Facility Inventories and Standards

This section describes the City's existing capital facility inventory and facility standards.

Existing Inventory

This study uses the existing facility standard methodology to calculate facility standards for capital facilities. This methodology will set the fees based on the existing facility inventory value per capita (including residents and weighted workers). Fees implemented at the maximum justified fee level will allow the City to expand its inventory of capital facilities proportional to growth in the City's service population. As such it is important to estimate the value of the City's existing facility inventory.

Table 2 shows the existing land inventory of capital facilities owned by the City. The unit cost of \$2.5 million per acre for land is the median sales price per acre of a sample of 27 land sales comparisons within the City of Fremont since 2018 as reported by CoStar. This unit cost is consistent with other land cost assumptions within the City's impact fee program.

Table 2: Capital Facilities Land Inventory

	Address	Inventory	Unit Cost ¹	Value
<i>Land (acres)</i> ²				
Administrative Center	3300 Capitol Ave	6.51	\$2,500,000	\$ 16,275,000
Centerville Train Station	37260 Fremont Blvd	1.80	2,500,000	4,500,000
Development Center	39550 Liberty Street	3.43	2,500,000	8,575,000
Family Resource Center #1	39155 Liberty Street	3.31	2,500,000	8,275,000
Fremont Main Library	2400 Stevenson Blvd	4.23	2,500,000	10,575,000
Maintenance Center Administration	42551 Osgood Road A	13.99	2,500,000	34,975,000
Olive Hyde Art Gallery, Mission Room	123 Washington Blvd	0.22	2,500,000	550,000
Police Facility	1950 Stevenson Blvd	10.71	2,500,000	26,775,000
Tri-City Volunteers	37354 Joseph Street	0.51	2,500,000	1,275,000
Total - Land		44.71		\$ 111,775,000

¹ Unit costs are replacement valuations.

² Land value based on median value of Costar.com of reported sales of raw land since 2018.

Sources: City of Fremont, Costar; Willdan Financial Services.

Table 3 displays the City's capital facilities building inventory. The City owns nearly 632,000 square feet of capital facilities buildings. The table also displays the estimated replacement cost of these facilities in their current condition. These buildings provide services accessible to the City's service population, so it is reasonable to include them in the capital facilities fee inventory. As new development occurs the City will need to add similar facilities to its inventory to continue to provide the same level of service to its residents and people employed in the City. The City has identified several capacity expanding capital facilities projects that may maintain the City's level of service as development occurs. They are listed in **Appendix Table A.3** but are not used in the calculation of the fees.

The replacement cost of each facility comes from the City's 2021-22 Property Statement of Values, which is the insured replacement cost for each building.

Table 3: Capital Facilities Building Inventory

	Address	Inventory	Unit Cost ¹	Value
<i>Buildings (square feet)</i>				
Administration Center Bldg "A" ²	3300 Capitol Ave	15,602	\$ 244	\$ 3,812,445
Administrative Center Bldg "B"	39100 Liberty Street	39,090	179	6,978,504
Centerville Library	3801 Nicolet Ave	6,451	193	1,243,386
Centerville Train Station	37260 Fremont Blvd	2,596	184	478,704
Centerville Community Center and Meeting Room	3355/3375 Country Drive	14,619	295	4,315,585
Maintenance Center - Administration Building	42551 Osgood Road	17,111	205	3,502,204
Maintenance Center - Controlled Material Storage	42551 Osgood Road	3,647	131	477,667
Maintenance Center - Shop Building - Grounds	42551 Osgood Road	29,541	138	4,086,595
Maintenance Center - Vehicle Maintenance Building	42551 Osgood Road	25,737	168	4,318,694
Maintenance Center - Vehicle Wash	42551 Osgood Road	2,344	50	117,086
Maintenance Center - Fuel Station	42552 Osgood Road	4,003	375	1,500,000
Maintenance Center - Storage Warehouse	42551 Osgood Road	12,164	239	2,910,000
Development Center	39550 Liberty Street	61,730	232	14,294,355
Family Resource Center #1	39155 Liberty Street	26,646	189	5,037,786
Family Resource Center #2	39175 Liberty Street	26,646	189	5,037,786
Firing Range Building	2000 Stevenson Blvd	7,919	1,588	12,578,311
Fremont Main Library	2400 Stevenson Blvd	99,060	196	19,380,243
Fremont Community Center	40204 Paseo Padre Parkway	5,625	226	1,269,290
Irvington Library	41825 Greenpark Drive	5,760	165	949,118
Irvington Community Center	41885 Blacow Road	14,378	208	2,996,560
Los Cerritos Community Center	3377 Alder Ave	6,736	243	1,637,125
Olive Hyde Art Gallery	123 Washington Blvd	1,690	264	446,583
Olive Hyde Mission Room	123 Washington Blvd	1,528	224	342,967
Teen Center	39770 Paseo Padre Parkway	20,344	198	4,021,318
Senior Citizens Center	40086 Paseo Padre Parkway	12,331	219	2,696,075
Warm Springs Community Center	47300 Fernald Street	6,945	236	1,638,161
Animal Shelter	1950 Stevenson Blvd	11,827	169	1,998,743
Jail/Evidence Warehouse	1990 and 1980 Stevenson Blvd	28,890	321	9,282,913
Police Administration	2000 Stevenson Blvd	69,672	304	21,180,044
Fuel Station	2000 Stevenson Blvd	840	1,786	1,500,000
Ancillary Police Building	2000 Stevenson Blvd	1,359	106	144,026
Motorcycle Storage	2000 Stevenson Blvd	1,382	109	150,000
Tri-City Volunteers	37354 Joseph Street	10,080	133	1,335,604
Total - Buildings		594,293		\$141,657,878

¹ Unit costs are based on the values from the City's 2021-22 Property Statement of Values.

² Excludes 11,744 square feet for Fire Administration which is captured in the Fire Facilities Impact Fee. Total building size is 27,346 square feet.

Sources: City of Fremont; Willdan Financial Services.

Table 4 displays the City's capital facilities equipment and vehicle inventory. Additional detail can be found in Appendix Tables A.1 and A.2. The total replacement cost of these items is approximately \$41.1 million.

Like the land and buildings in the preceding inventory tables, the vehicle and equipment inventory listed in Table 4 provides services accessible to the City's service population, so it is reasonable to include them in the capital facilities fee inventory. As new development occurs the City will need to add similar facilities to its inventory to continue to provide the same level of service to its residents and people employed in the City.

Table 4: Capital Facilities Equipment Inventory

City Vehicle and Fleet and Equipment	\$ 15,408,110
Police Equipment ¹	3,874,360
Police Vehicles ²	15,864,400
IT Infrastructure	<u>5,997,645</u>
Total - Vehicles and Equipment	\$ 41,144,515

¹ Replacement cost shown for City's inventory of durable police equipment such as radios, firearms, protective equipment, and training equipment.

² Includes equipment on each vehicle.

Sources: City of Fremont; Fremont Police Department; Tables A.1 and A.2, Willdan Financial Services.

Table 5 summarizes the replacement value of the City's capital facilities inventories contained in the preceding tables. In total, the City owns nearly \$294.6 million in capital facilities. This value will be used to calculate the City's capital facilities existing facility standard.

Table 5: Summary of Existing Capital Facilities Inventory Replacement Value

Land	\$ 111,775,000
Buildings	141,657,878
Equipment and Vehicles	<u>41,144,515</u>
Total Value	\$ 294,577,393

Sources: Tables 2, 3 and 4.

Facility Standard

Table 6 shows the calculation of the existing per capita value of capital facilities. This value is calculated by dividing cost of existing facilities by the existing service population. The value per capita is multiplied by the worker weighting factor of 0.31 to determine the facility standard per worker. Impact fees calculated using the existing facilities investment per capita will ensure that the City's existing facility standard will be maintained as new development occurs.

Table 6: Capital Facilities Existing Standard

Value of Existing Facilities	\$ 294,577,393
Plus Existing Fund Balance	<u>6,036,277</u>
Total Value - Existing Facilities	\$ 300,613,670
Existing Service Population	<u>267,300</u>
Cost per Capita	\$ 1,125
Facility Standard per Resident	\$ 1,125
Facility Standard per Worker ¹	349

¹ Based on a weighing factor of 0.31.

Sources: Tables 1 and 5; City of Fremont; Willdan Financial Services.

Use of Fee Revenue

Capital Facilities Fee revenues will be used to fund the acquisition, construction and improvement of capital facilities, including vehicles and equipment with a life of more than five years, that expand City's capacity to provide city administration, police, animal shelter, maintenance, development services, human services, library facilities and information technology and communications infrastructure to meet the needs of new development. Revenues will not be used to remedy existing deficiencies.

Table 7 displays a projection of capital facilities fee revenue through 2035. **Appendix Table A.3** lists the City's currently projected capital facility needs. Note that the fees will fund at most a portion of these and similar facilities.

Table 7: Revenue Projection - Existing Standard

Cost per Capita	\$ 1,125
Growth in Service Population (2020 - 2035)	<u>38,900</u>
Fee Revenue	\$ 43,763,000

Sources: Tables 1 and 6.

Maximum Justified Impact Fee

Table 8 shows the proposed capital facilities fee schedule. The cost per capita is converted to a fee per unit of new development based on bedroom and employment densities (persons per bedroom or employees per 1,000 square feet of nonresidential building space/per hotel room). The total fee includes a two percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other

departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

In Willdan's experience with impact fee programs, two percent of the base fee is a conservative estimate of cost of fee program administration. Per the City's finance department, two percent of total project costs is a conservative estimate of anticipated administration costs.

Table 8: Capital Facilities Fee - Existing Standard

Land Use	A	B	$C = A \times B$	$D = C \times 0.02$	$E = C + D$
	Cost Per Capita	Density	Base Fee ¹	Admin Charge ^{1, 2}	Total Fee ¹
<u>Residential - Number of Bedrooms</u>					
0	\$ 1,125	1.19	\$ 1,339	\$ 27	\$ 1,366
1	1,125	1.61	1,811	36	1,847
2	1,125	2.39	2,689	54	2,743
3	1,125	3.06	3,443	69	3,512
4	1,125	3.59	4,039	81	4,120
Each Bedroom Above 4	1,125	0.71	799	16	815
<u>Nonresidential - Per 1,000 Square Feet or Hotel Room</u>					
Office	\$ 349	2.99	\$ 1,044	\$ 21	\$ 1,065
Retail / Service	349	1.78	621	12	633
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Light Industrial	349	1.00	349	7	356
Manufacturing	349	1.82	635	13	648
Research & Development	349	2.31	806	16	822
Hospital / Convalescent / Nursing Home	349	1.00	349	7	356
Public / Institutional	349	2.58	900	18	918
Hotel / Motel	349	0.57	199	4	203

¹ Fee per dwelling unit, by number of bedrooms for residential or per 1,000 square feet or hotel room for nonresidential.

² Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: *Comprehensive Development Impact Fee Update Background Report*, Table 2.2 and 6; Willdan Financial Services.

Appendix

Appendix Table A.1: Capital Facilities Fleet Replacement Costs

Department	Number of Vehicles	Total Vehicle Replacement Cost
City Manager's Office	2	\$ 89,179
City Clerk's Office	3	76,363
Community Development	30	816,120
Community Services	100	4,140,741
Human Services	12	352,446
Information Systems	3	96,410
Police	204	15,864,400
Public Works	149	9,836,850
Total - Replacement Cost		\$ 31,272,510

Source: City of Fremont.

Appendix Table A.2: Department Police Issued Equipment per Officer

	Police Officer	Community Service Officer	Detention Officer	Animal Services Officer	Total Value
Radio and Battery	\$ 4,650	\$ 4,650	\$ 4,650	\$ 4,650	
Ballistic Vest	852	852	852	852	
Rifle Plates	450	-	-	-	
Traffic Safety Vest	30	30	-	30	
Baton/Asp	45	-	-	50	
Duty Weapon	800	-	-	-	
Laser Grip for Duty Weapon	200	-	-	-	
Taser	1,400	1,400	-	1,400	
Taser Holster	60	60	-	60	
Taser Cartridge	62	62	-	62	
30-round magazines (x3)	60	-	-	-	
O.C. Spray	15	15	15	15	
iPhone (not including monthly)	299	299	299	299	
iPhone Case	50	50	50	50	
Gas Mask	500	500	500	-	
Riot Helmet	370	-	-	-	
Body Camera	1,850	1,850	-	1,850	
Ticketwriter	-	1,600	-	-	
Total per Officer	\$ 11,693	\$ 11,368	\$ 6,366	\$ 9,318	
Total Number of Officers	199	16	16	5	236
Total Value of Equipment	\$ 2,326,900	\$ 181,900	\$ 101,900	\$ 46,600	\$ 2,657,300
<i>Specialty Gear</i>					
K9 Officer (6 Total)					\$ 83,790
Traffic Officer (14 Total)					163,030
Miscellaneous Equipment					970,240
Total					\$ 3,874,360

Source: Fremont Police Department.

Table A.3: Planned General Capital Facilities

Description	Amount	Unit Cost	Total
<i><u>Buildings</u></i>			
Warm Springs Senior Center Expansion	5,000	Sq. Ft. \$ 1,150	\$ 5,750,000
Warm Springs Library	8,000	Sq. Ft. 1,100	8,800,000
Performing Arts Center	35,000	Sq. Ft. 1,100	38,500,000
Maintenance Center Satellite Location	10,000	Sq. Ft. 550	5,500,000
Irvington Library Integration with Community Center	10,000	Sq. Ft. 1,150	11,500,000
Centerville Library	26,000	Sq. Ft. 1,500	39,000,000
Main Library Expansion	10,000	Sq. Ft. 1,500	15,000,000
North Fremont Senior/Community Center	16,000	Sq. Ft. 1,063	17,000,000
Community Center Annex (Main Library)	40,000	Sq. Ft. 1,125	45,000,000
Family Resource Center Expansion	10,000	Sq. Ft. 1,200	12,000,000
Police Center Expansion	23,400	Sq. Ft. 1,154	27,000,000
Subtotal			\$ 225,050,000
<i><u>IT Infrastructure</u></i>			
CRM/311			\$ 150,000
PD TeleStaff Upgrade			100,000
Cyber Security Software/Tools			90,000
Wireless Connectivity to Fire Stations			176,000
Fiber Optic Plant Upgrade (pending)			8,500,000
Radio Communications Equipment (pending)			3,700,000
Maintenance Management System (pending)			925,000
Business Intelligence Solutions (pending)			875,000
Subtotal			\$ 14,516,000
Total			\$ 239,566,000
Less Existing Fund Balance			6,036,277
Net Value of Planned Facilities			\$ 231,086,277

Note: Totals have been rounded to the nearest \$100. Only new facilities are included based on anticipated growth through 2035. None of these facilities will correct an existing service deficiency, nor are they a replacement of an existing facility or service.

Source: City of Fremont.