



# **Grass Valley Transportation Impact Fee 2023 Nexus Study Update**

**Final Report – 2024 Revision**

City of Grass Valley

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# Executive summary

The Mitigation Fee Act requires that mitigation fees be periodically updated. This is to ensure that the assumptions regarding future growth, the need for projects, their costs, etc. continue to provide a reasonable nexus between the impacts of new development and the fees charged. This report describes the methodology used in updating the nexus, the resulting recommended fee structure, and the revised forecast for Grass Valley Transportation Impact Fee (GVTIF) program revenues based on the new growth assumptions and recommended fees.

Since the previous GVTIF nexus study was prepared in 2016, the effects of the global COVID-19 pandemic caused an economic slump which not only effected most industries but also affected travel patterns nationwide due to stay-at-home orders, school closures, and a prolonged increase in employees being able to work from home. New forecasts for future development incorporate a slight increase in the existing base of households and employment, and a change in anticipated growth allocation, with lower future growth rates. These factors have resulted in lower reduced forecasts for future traffic congestion and a reduced need for roadway operational improvements. However, it also means that the cost of projects will be spread over fewer new units. Additionally, trip generation rates have been updated to reflect the most recent data presented in the Institute of Transportation Engineer’s Trip Generation Manual, which results in some differences in the percentage change in the proposed fees.

Assembly Bill (AB) 602, signed into law January 1, 2022, imposed new requirements for fees on residential development (effective July 1, 2022). The law requires that the fee reflect a reasonable relationship to the size of the dwelling unit. This is explained further in Section 3.6. This 2024 Revision to the 2023 Nexus Study is intended to provide an update to the GVTIF calculation, to adjust the residential trip generation and Dwelling Unit Equivalent (DUE) factor in the fee per unit calculation, where the trip generation adjustments for floor area for multi-family, mobile homes, and senior housing were being applied twice (both in Table 3.8 and 3.11), resulting in a lower fee for these units and a higher fee on single-family units than intended. The proposed fees in the 2023 GVTIF Nexus Study Update were adopted by Grass Valley on August 22, 2023. This 2024 Revision also includes an annual inflation adjustment.

Table ES.1.1 and Table ES.1.2 presents the recommended revised fee structure for residential and non-residential developments, respectively, which take into account the factors described above.

**Table ES.1.1 Current and Recommended GVTIF Fees – Residential Land Uses**

Land Use Category	2022 GVTIF Rate	Proposed GVTIF Rate <sup>1</sup>	% Change in GVTIF Rate
	(A)	(B)	(C)=(B)/(A)-1
<b>Single Family House</b>			
Small (<1,500 sq.ft.)	\$3,850	\$3,201	-17%
Medium (1,500-2,500 sq.ft.)	\$3,850	\$3,866	0%
Large (>2,500 sq.ft.)	\$3,850	\$4,287	11%
<b>Multi-Family</b>			
Small (<1,500 sq.ft.)	\$2,664	\$1,862	-30%
Medium (1,500-2,500 sq.ft.)	\$2,664	\$2,249	-16%
Large (>2,500 sq.ft.)	\$2,664	\$2,492	-6%
<b>Mobile Home in Park</b>			
Small (<1,500 sq.ft.)	\$2,018	\$2,919	45%
Medium (1,500-2,500 sq.ft.)	\$2,018	\$3,526	75%

Large (>2,500 sq.ft.)	\$2,018	\$3,909	94%
<b>Senior Housing</b>			
Small (<1,500 sq.ft.)	\$1,440	\$1,548	8%
Medium (1,500-2,500 sq.ft.)	\$1,440	\$1,870	30%
Large (>2,500 sq.ft.)	\$1,440	\$2,073	44%
<b>Accessory Dwelling Unit (ADU)</b> – Calculated based on ratio of size to primary unit. See below for more information.			
1. Proposed GVTIF Rate includes the Annual Inflation Adjustment			

**Table ES.1.2 Current and Recommended GVTIF Fees – Non-Residential Land Uses**

Land Use Category		2022 GVTIF Rate	Proposed GVTIF Rate <sup>1</sup>	% Change in GVTIF Rate
		(A)	(B)	(C)=(B)/(A)-1
	Office	\$1,571	\$1,576	0%
	Industry	\$695	\$587	-16%
	Warehouse	\$464	\$440	-5%
	Retail - Low	\$3,114	\$2,671	-14%
	Retail - Medium	\$6,654	\$6,241	-6%
	Retail - High	\$11,799	\$11,360	-4%
	Lodging	\$833	\$520	-38%
	Public & Quasi-Public	Exempt	Exempt	
	School K-8th Grade	Exempt	Exempt	
	School 9-12th Grade	Exempt	Exempt	
	Public College	Exempt	Exempt	
1. Proposed GVTIF Rate includes the Annual Inflation Adjustment				

Senate Bill (SB) 13, passed in 2019, establishes a new system for assessing fees on accessory dwelling units (ADUs). The law states that ADUs less than 750 square feet are exempt from impact fees, and that ADUs larger than 750 square feet are charged the impact fee based on the ratio of its floor area in relation to the primary unit, multiplied by the fee that the primary unit would pay, if it was being built today (i.e., ADU sq.ft. / primary unit sq.ft. x GVTIF for primary unit). This is explained further in Section 3.6.1.

The recommendation includes a small increase to current fees for medium-sized residential units, a 17% decrease in small-sized single family units, and an 11% increase in the fees for large-sized single family units. The fees on multi-family dwelling units are decreased compared to current fees. However, the fees per unit for mobile homes and senior housing increased compared to current rates, and there is a general decrease in fees for non-residential uses. This is largely due to the change in the project list, lower costs overall, an increase in the percentage of need attributable to new development, and lower growth anticipated as compared with the previous nexus study. This applied especially to non-residential development. Analysis using the Nevada County Transportation Commission (NCTC) regional traffic model showed that, given the county’s current jobs/housing imbalance, development of places for Grass Valley residents to work and shop locally will reduce the need for some long trips out of the city. As a result, this type of localized development will have fewer traffic impacts than was previously forecast, which also leads to a lower impact fee. If the forecasts for future residential and non-residential development prove correct, then total revenues from the GVTIF over the next twenty years will be approximately \$13.8 million which will provide approximately 99% of the total cost of the projects on the updated Capital Improvement Program (CIP). The remaining 1% of project costs are attributable to existing deficiencies and by law must be covered by some source other than impact fees.

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# 1. Introduction

## 1.1 Background

In August of 2008 the City of Grass Valley adopted the Grass Valley Transportation Impact Fee (GVTIF) to help fund local roadway improvements triggered by new development. The GVTIF covers traffic impacts to local streets in Grass Valley while a companion program, the Western Nevada County Regional Transportation Mitigation Fee (RTMF) program<sup>1</sup>, covers traffic impacts to regional roads including some within the City of Grass Valley. Together these programs provide a mechanism for new development to pay its fair share towards the cost of construction of the regional system of roads, streets, and highways needed to accommodate growth in western Nevada County.

The GVTIF program operates pursuant to the Mitigation Fee Act, also known as California Assembly Bill 1600 (AB 1600) or California Government Code Sections 66000 et seq., which governs impact fees in California. The Mitigation Fee Act requires that all local agencies in California, including cities, counties, and special districts follow some basic principles when instituting impact fees as a condition of new development. Agencies must:

1. Identify the purpose of the fee. (Government Code Section 66001(a)(1))
2. Identify the use to which the fee is to be put. (Government Code Section 66001(a)(2))
3. Determine that there is a reasonable relationship between the fee's use and the type of development on which the fee is to be imposed. (Government Code Section 66001(a)(3))
4. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is to be imposed. (Government Code Section 66001(a)(4))
5. Discuss how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is to be imposed. (Government Code Section 66001(b))

These principles closely emulate two landmark U.S. Supreme Court rulings that each provide guidance on the application of impact fees. The first case, *Nollan v. California Coastal Commission* (1987) 107 S.Ct. 3141, established that local governments are not prohibited from imposing impact fees or dedications as conditions of project approval provided the local government establishes the existence of a "nexus" or link between the exaction and the state interest being advanced by that exaction. The *Nollan* ruling clarifies that once the adverse impacts of development have been quantified, the local government must then document the relationship between the project and the need for the conditions that mitigate those impacts. The ruling further clarifies that an exaction may be imposed on a development even if the development project itself will not benefit, provided the exaction is necessitated by the project's impacts on identifiable public resources.

The second case, *Dolan v. City of Tigard* (1994) 114 S.Ct. 2309, held that in addition to the *Nollan* standard of an essential nexus, there must be a "rough proportionality" between proposed exactions and the project impacts that the exactions are intended to allay. As part of the *Dolan* ruling, the U.S. Supreme Court advised that "a term such as 'rough proportionality' best encapsulates what we hold to be the requirements of the Fifth Amendment. No precise mathematical calculation is required, but the city (or other local government) must make some sort of individualized determination that the required dedication is related both in nature and extent to the impact of the proposed development."

The combined effect of both rulings is the requirement that public exactions must be carefully documented and supported. This requirement is reiterated by the provisions of the Mitigation Fee Act and subsequent rulings in the California Supreme Court (*Ehrlich v. City of Culver City* (1996) 12 C4th 854) and the California Court of Appeals (*Loyola Marymount University v. Los Angeles Unified School District 45* (1996) Cal.App.4th 1256).

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<sup>1</sup> The RTMF was established in 2001 through a partnership of Nevada County, Nevada City, Grass Valley, and the Nevada County Transportation Commission (NCTC). It is administered by NCTC.



This Nexus Study report is intended to satisfy the requirements of the State of California Mitigation Fee Act. Specifically, this Nexus Study report will outline the purpose and use of the GVTIF, the relationship between new development and impacts on the transportation system, the estimated cost to complete necessary improvements to the local street system in Grass Valley, and the ‘rough proportionality’ or ‘fair-share’ fee for differing development types.

In 2021, AB-602 was signed into law, which amended the Mitigation Fee Act to include new requirements regarding the contents (§66016.5(a)(4)) and timing (§66016.5(a)(8)) of nexus studies adopted after July 2022, and how fees for residential development are to be computed (§66016.5(a)(5)). Chapters 2 and 3 of this report fulfill the new requirement to describe changes in input assumptions that led to the changes in fees. Section 3.6 fulfills the new requirements regarding how fees for residential development is to be computed.

## 1.2 Program Experience to Date

The City has used the revenues it has collected to fund a variety of improvement projects. These are listed in Table 1.1 below. Table 1.1 shows that the GVTIF program is important not just for the funding it provides but also because the GVTIF dollars are used as local matching funds to leverage funding from other sources.

**Table 1.1** *Projects that have Received GVTIF Funds since 2015/16*

Project Name	GV-TIF Funding		Funding From Other Sources		Total Project Cost
	Amount	Percentage	Amount	Percentage	
Idaho-Maryland Road from East Main Street to SR 20/49 Ramps	\$150,000	100%	\$0	0%	\$150,000
Model & Fee Study Updates	\$35,000	100%	\$0	0%	\$35,000
Administrative Costs	\$40,000	100%	\$0	0%	\$40,000
<b>Total</b>	<b>\$225,000</b>	<b>100%</b>	<b>\$0</b>	<b>0</b>	<b>\$225,000</b>

## 2. Updates to Key Inputs

### 2.1 Trip Generation Rates

ITE's Trip Generation Manual has been updated with new survey material since the edition that was used in the previous nexus study. The trip generation rates have accordingly been updated to those of the latest (11th) edition.

Table 2.1 shows a detailed correspondence list between general land use categories, the ITE land use codes, and the derivation of the trip generation rate used for broad categories from the individual rates of the sub-categories.

**Table 2.1** Trip-Generation Rates by Land Use

Land Use Category	Unit	ITE Code	Weekday Trips per Unit
<b>RESIDENTIAL</b>			
<b>Single Family Detached House</b>	Dwelling Unit	210	9.43
<b>Multi-Family</b>			
Apartment	Dwelling Unit	220	6.74
Low Rise Apartment	Dwelling Unit	221	4.54
Residential Condominium/Townhouse	Dwelling Unit	230	3.44
<i>Median for Multi-Family</i>			<i>4.54</i>
<b>Mobile Home in Park</b>	Dwelling Unit	240	7.12
<b>Senior Residential</b>			
Senior Adult Housing - Detached	Dwelling Unit	251	4.31
Senior Adult Housing - Attached	Dwelling Unit	252	3.24
<i>Median for Senior Residential</i>			<i>3.78</i>
<b>NON-RESIDENTIAL</b>			
<b>Office</b>			
General Office	KSF	710	10.84
Single Tenant Office	KSF	715	13.07
Office Park	KSF	750	11.07
Business Park	KSF	770	12.44
Clinic	KSF	630	37.60
Medical-Dentist Office	KSF	720	36.00
<i>Median for Office</i>			<i>12.76</i>
<b>Industrial</b>			
General Light Industry	KSF	110	4.87
General Heavy Industry	KSF	120	1.50
Industrial Park	KSF	130	3.37
Manufacturing	KSF	140	4.75
<i>Median for Industrial</i>			<i>4.06</i>
<b>Warehousing</b>	KSF	150	3.56
<b>Retail/Service - Low</b>			
Building Materials and Lumber	KSF	812	17.05
Hardware/Paint Store	KSF	816	8.07
Furniture Store	KSF	890	6.30
Discount Home Furnishing Superstore	KSF	869	20.00
Tire Superstore	KSF	849	20.37
Department Store	KSF	875	22.88
Tire Store	KSF	848	27.69

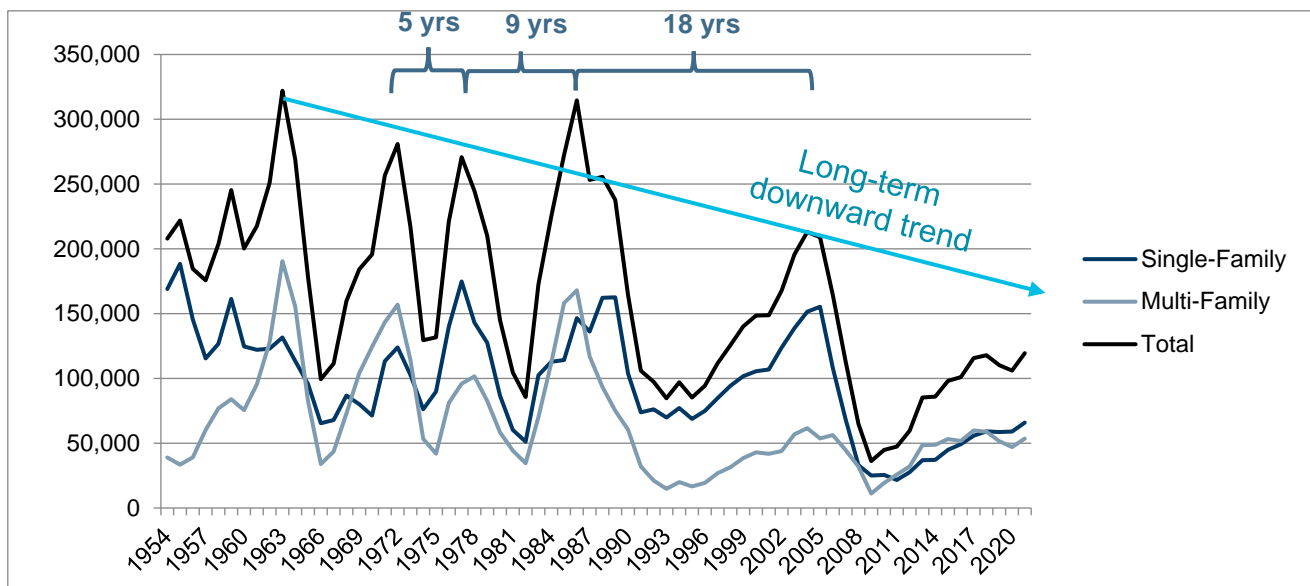
Land Use Category	Unit	ITE Code	Weekday Trips per Unit
Factory Outlet Center	KSF	823	26.59
Home Improvement Superstore	KSF	862	30.74
New Car Sales	KSF	841	27.06
<i>Median for Retail - Low</i>			21.63
<b>Retail/Service - Medium</b>			
Discount Club	KSF	857	42.46
Shopping Center	KSF	820	37.01
Electronics Superstore	KSF	863	41.05
Discount Superstore	KSF	813	50.52
Arts and Crafts Store	KSF	879	56.55
Discount Store	KSF	815	53.87
Auto Parts Store	KSF	843	54.57
Specialty Retail Center	KSF	814	63.66
<i>Median for Retail - Medium</i>			50.52
<b>Retail/Service - High</b>			
Nursery (Garden Center)	KSF	817	68.10
Supermarket	KSF	850	93.84
Apparel Store	KSF	876	66.40
Pharmacy/Drugstore w/o Drive Through Window	KSF	880	90.08
Pharmacy/Drugstore with Drive Through Window	KSF	881	108.40
Drive-in Bank	KSF	912	100.35
Quality Restaurant	KSF	931	83.84
High Turnover (Sit-Down) Restaurant	KSF	932	107.20
<i>Median for Retail - High</i>			91.96
<b>Lodging</b>			
Hotel	Room	310	7.99
All Suites Hotel	Room	311	4.40
Business Hotel	Room	312	4.02
Motel	Room	320	3.35
<i>Median for Lodging</i>			4.21
<b>Public &amp; Quasi-Public</b>			
Military Base	KSF	501	0.39
Library	KSF	590	72.05
Government Office Building	KSF	730	22.59
State Motor Vehicles Department	KSF	731	11.21
United States Post Office	KSF	732	103.94
Government Office Complex	KSF	733	27.92
<i>Median for Public Sector</i>			25.26
School K-8th Grade	Student	520 & 522	2.25
School 9th-12 Grade	Student	522 & 530	1.98
Junior/Community College	Student	540	1.15
<b>Other Non-Residential</b>			
All Port and Terminal Uses		000-099	The trip generation for any project in these categories shall be computed using the ITE daily trip-generation rate for their land use type or, at the discretion of
All Recreational Uses		300-399	
All Private Institutional Uses (Public Institutions are Exempt)		500-599	
Convenience Market		851	
Convenience Market with Gasoline Pumps		853	
Fast Food Restaurant with Drive Through		934	
Coffee/Donut Shop with Drive Through		937	
Coffee/Donut Shop Drive Through No Seating		938	
Gasoline/Service Station		944	

Land Use Category	Unit	ITE Code	Weekday Trips per Unit
Gasoline/Service Station with Convenience Market		945	agency staff, through a
Gasoline/Service Station with Convenience Market and Car Wash		946	separate traffic study
Self-Service Car Wash		947	study
<i>Based on ITE Trip Generation Manual, 11th Ed.</i>			
<i>KSF = 1,000 square feet</i>			

## 2.2 Growth Forecasts

Assumptions regarding future growth are critical inputs for a traffic mitigation fee since they help determine both whether roadway deficiencies will develop and how many new homes or square feet of new non-residential development will contribute towards the costs of mitigations. Since the GVTIF is a long-term program, we must look at long-term trends to forecast growth over the study horizon. Figure 2.1 shows the number of housing starts for California for the period 1954 to 2020.

Figure 2.1 Housing Starts in California by Year<sup>2</sup>



The figure shows the unstable nature of the housing market in California, with five major “housing booms” and five “housing busts” occurring during this period. Several patterns are discernible, namely:

- The housing booms are occurring further and further apart. Five years elapsed between the peaks of the 1972 and 1977 booms, 9 years between the peaks of the 1977 and 1986 booms, and 18 years between the 1986 and 2004 booms. If this pattern continues it may be decades before the next peak occurs.
- The size of the booms is trending downwards. The 2004 boom was the smallest of the five, being only about 2/3rds the size of the previous boom.
- From the 1960’s through the 1980’s single-family and multi-family housing was being built in similar quantities in California. Multi-family housing production exceeded single-family housing in 3 of the 4 housing booms in this period. The period from 1990 to 2005, when single-family housing was produced at more than 2½ times the pace of multi-family, appears in retrospect to have been an aberration from the historical pattern. Since 2005, multi-family housing has returned to being about half of all new housing being built.

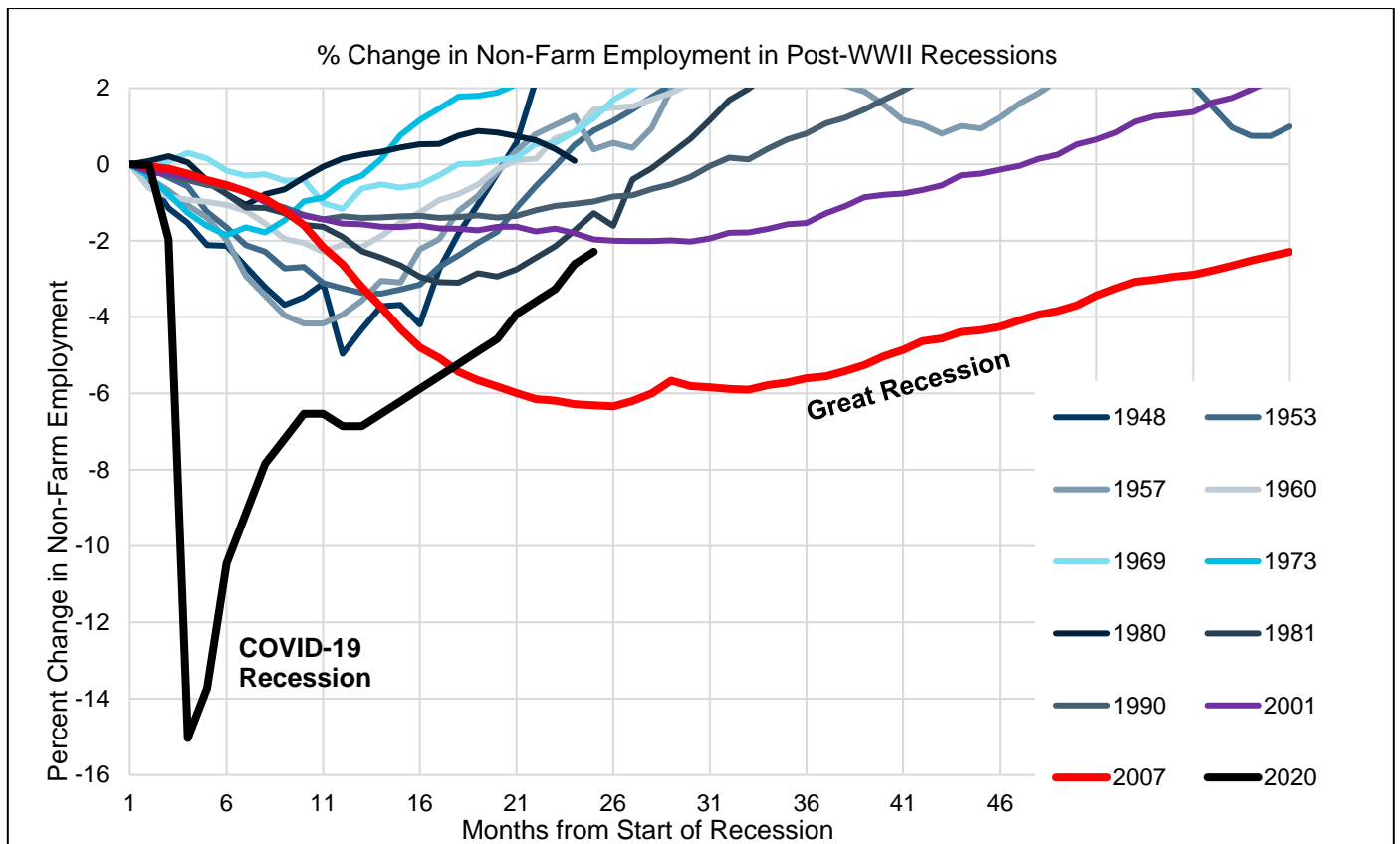
<sup>2</sup> Source: California Building Industry Association

- The housing market crash in 2008 also affected housing production significantly, where housing production was the lowest it's been since before the 1950's. As shown, the market is on a gradual recovery from that.

The Great Recession was deeper and much longer than any previous recession since WWII (see Figure 2.2) and the collapse of the real estate market was at the heart of the recession. This was, hopefully, a one-off event unlikely to recur within the time horizon of the current study (to 2040). More recently the real estate market has been affected by inflation and construction costs due to supply limitations from COVID-19. Employment losses with the statewide shut-down were significantly deeper than even the Great Recession. However, employment has bounced back relatively swiftly almost to post-2001 recession levels. There have been long-term travel and housing changes resulting from COVID-19 due to employers implementing flexible schedules and more people working from home. Housing prices were affected, short-term, and there was an increased demand for senior housing due to people going into early retirement from the shut-down and layoffs.

Nevertheless, it seems unlikely that things will “go to back to normal” (i.e., to the conditions prevailing in the 1990-to-2005 period) in terms of real estate development; structural and demographic changes have occurred resulting in a new normal. Any assumptions regarding real estate development that were made based on pre-recession or pre-COVID data therefore need to be re-examined to determine if they remain valid.

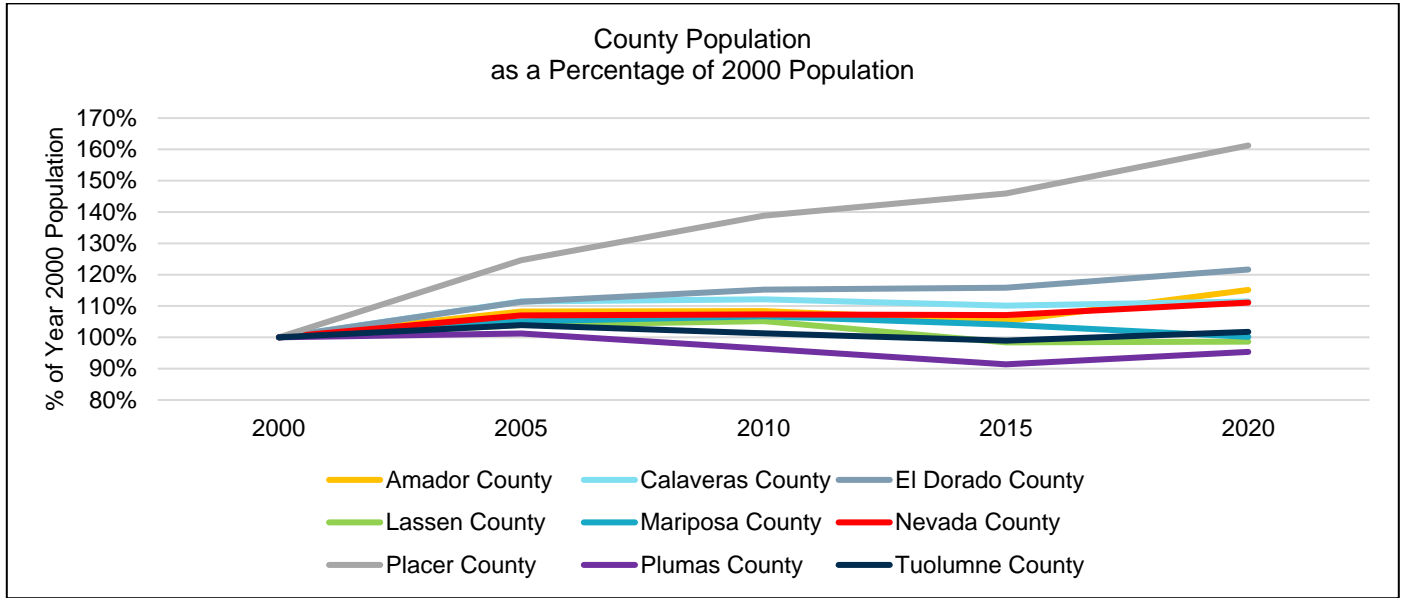
Figure 2.2 US Employment by Year<sup>3</sup>



Scaling down from the state-wide level to the local level, data from the U.S. Census Bureau shows that in recent years the foothills counties have been growing slowly, if at all (see Figure 2.3).

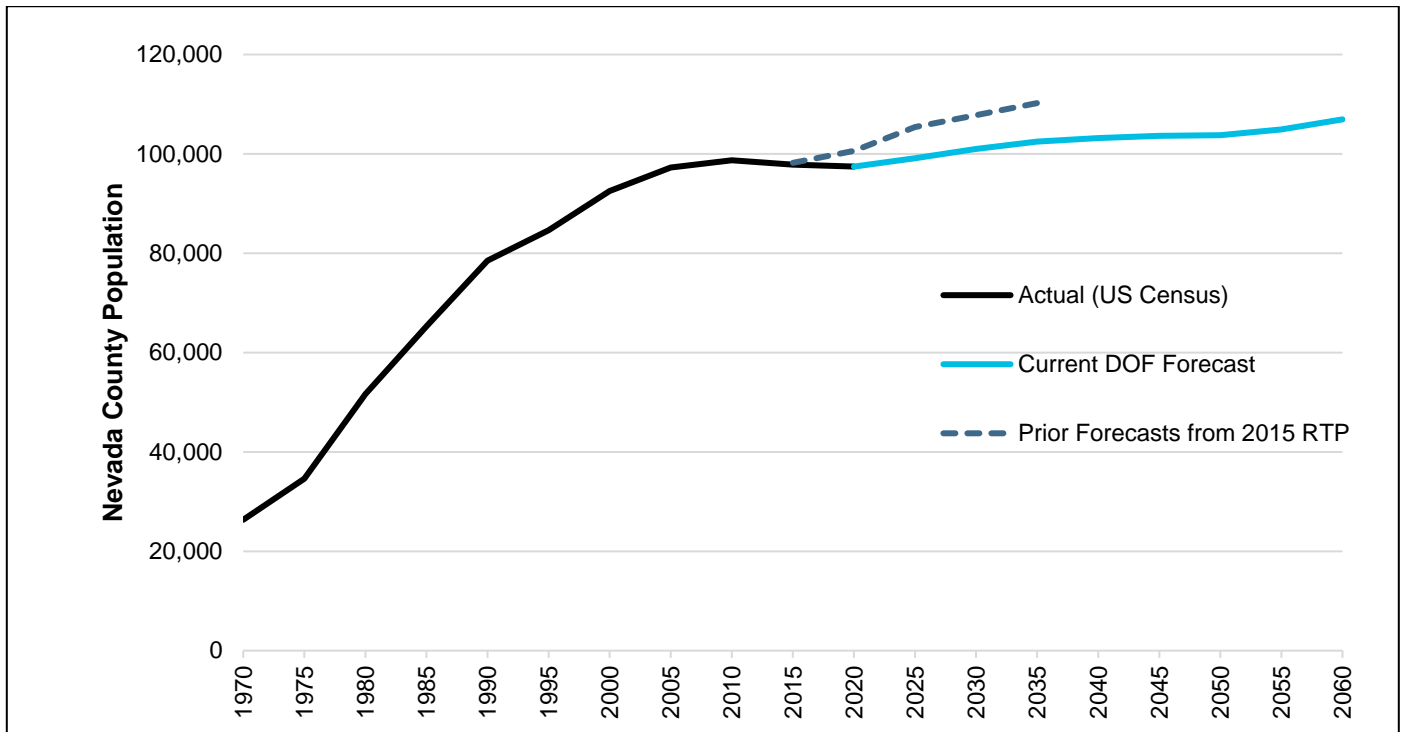
<sup>3</sup> Source: Federal Reserve Bank of Minneapolis

**Figure 2.3 Foothill Counties Population by Year**



Population forecasts by Caltrans<sup>4</sup> suggests that only modest growth can be expected for the foreseeable future (see Figure 2.4). The DOF’s most recent forecast is for slower growth than had been anticipated in the 2015 forecasts used for the NCTC Regional Transportation Plan (RTP).

**Figure 2.4 Nevada County Population by Year - Actual & Forecasted**



The growth forecasts used in the previous nexus study, which began in 2012, were based on data collected in the construction boom leading up to the Great Recession. The forecasts used in the current study are based on an

<sup>4</sup> California Department of Finance. Demographic Research Unit. Report P-2A: Total Population Projections, California Counties, 2010-2060 (Baseline 2019 Population Projections; Vintage 2020 Release). Sacramento, California. July 2021.

assumed lower growth rate and therefore the 2040 population in the current forecast is lower than the prior 2035 forecast used in the previous study.

The lower forecast for future population has several effects on the GVTIF, most notably:

- Fewer new households mean less traffic impacts and therefore less need for roadway improvements as mitigation. Some projects may no longer be needed and for other projects a smaller portion of the need will be attributable to new development.
- However, for those projects that are still needed, fewer new dwelling units means that each will have to pay a higher share of the cost.

These trends work in opposite directions; the first would tend to lower fees while the second would tend to raise them. The interaction of these opposing trends is discussed further in a later section of this report.

Based on the growth projections supplied by the local jurisdictions and using the land use categories described in Section 2.1.1, the growth forecast by land use type is shown in Table 2.2.

**Table 2.2 Land Use Growth Forecast**

Land Use Category		GVTIF Area			% Growth
Description	Unit	Year 2018	Year 2040	Growth	
<b>Residential</b>					
Single-Family Dwelling	DU	4,180	6,416	2,236	53%
Multi-Family Dwelling	DU	1,799	2,344	545	30%
Mobile Home	DU	425	425	0	0%
Senior Housing	DU	1,101	1,171	70	6%
<b>Total</b>		7,505	10,356	2,851	38%
<b>Non-Residential</b>					
Retail/Service - Low	KSF	1,234	1,455	221	18%
Retail/Service - Medium	KSF	987	1,164	177	18%
Retail/Service - High	KSF	247	291	44	18%
Office	KSF	865	1,337	472	55%
Office-Medical	KSF	269	268	-1	0%
Industrial	KSF	1,289	3,430	2,142	166%
Warehouse	KSF	354	427	73	21%
Lodging	Rooms	297	374	77	26%

## 2.3 Funding from Other Sources

In some cases, the need for projects that receive GVTIF funding is not 100 percent attributable to new development; there is an existing deficiency that new development by law cannot be held responsible for. In such cases another source of funds must be used to fund the portion of the project not attributable to new development.

The City of Grass Valley has several sources of funds besides GVTIF that can be used for local roadway improvements. The most important of these include:

- Congestion Mitigation and Air Quality (CMAQ) Program provides a flexible funding source to State and local governments for transportation projects and programs to reduce congestion and improve air quality.

- The Regional Surface Transportation Program (RSTP) provides funding for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements on certain types of roads and bridges, and for safety improvements on all types of roads.
- A portion of the state excise tax on gasoline is used to fund local transportation improvements.

Grass Valley has received more than \$400,000 in non-GVTIF funding for road projects from these sources over the last 5 years. Based on the historical average of \$80,000/year in non-fee funding we estimate that \$1.6 million will be available from these sources over the next 20 years. Additional funding sources included CMAQ, RSTP, HSIP, HBP, and LRSP funds.

## 2.4 Updated Project Costs

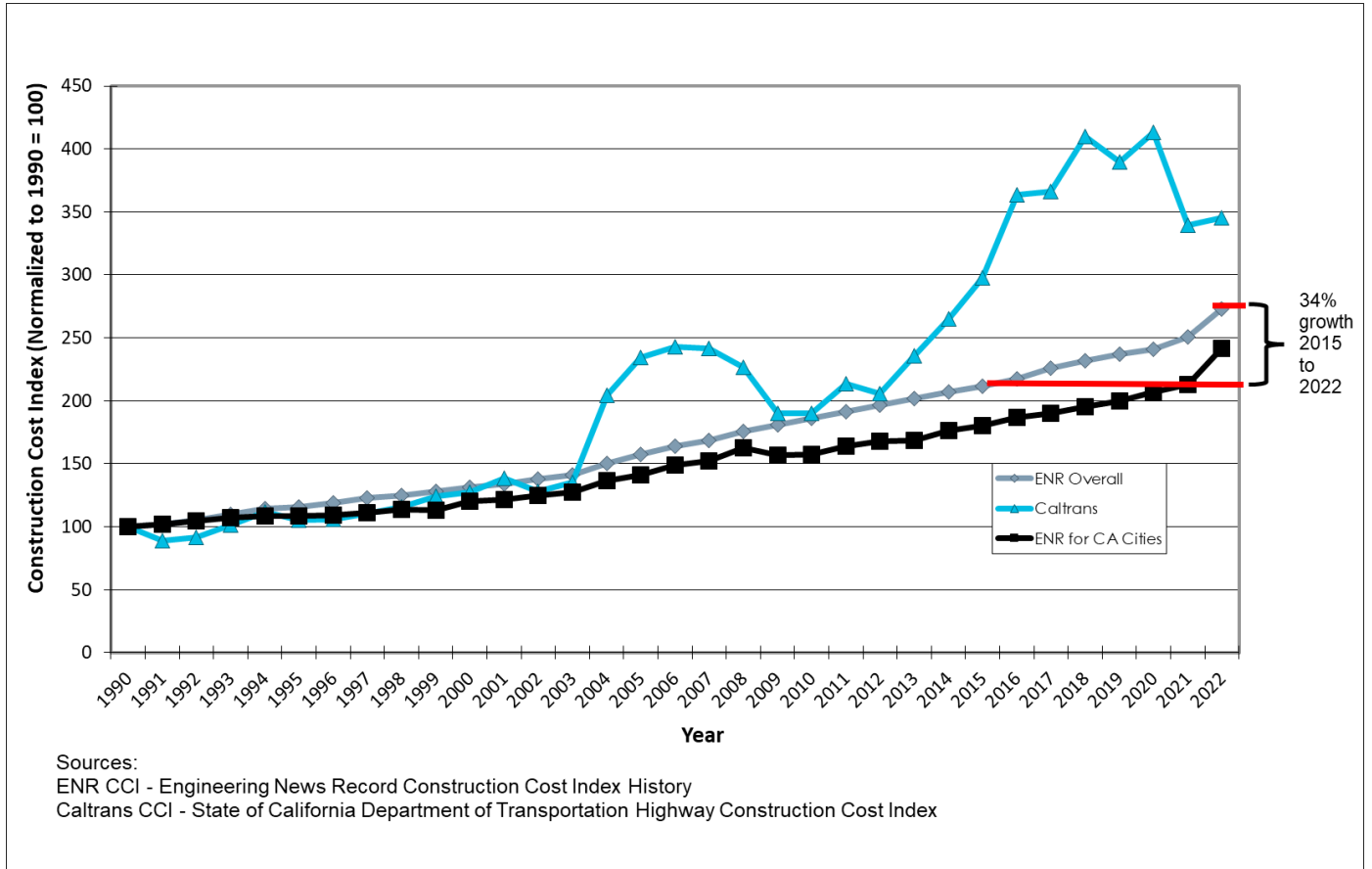
The cost of road construction has varied significantly over the course of the last decade, so it is important that this be factored into the fee structure for the GVTIF.

Figure 2.5 shows Caltrans' construction price index for highway projects for the period from 1900 to 2014. As can be seen in the exhibit, there was a slow and stable rise in prices throughout the 1990's and early years of the 2000's. However, in 2004 a combination of a construction boom, rising land and fuel costs, and the effect of a weakening U.S. dollar on the cost of imported construction materials, caused construction prices to rise more in a single year than they had in the previous 15 years combined; the highest single-year increase since Caltrans started the index. This was followed in 2005 by the second-highest single-year increase. The rapid increase was followed by a rapid decrease with the collapse of the housing market, which used many of the same construction inputs as Caltrans.

The Caltrans cost index is based on actual bid prices for projects done in the previous year. There is a second cost index, prepared by the Engineering News Record (ENR) that is computed based on the market prices for various major inputs to road projects (concrete, steel, aggregate, etc.). This index is less volatile than the Caltrans index because it does not include the effect of contractors' changing profit expectations in response to strong or weak market conditions. The two indices are compared in Figure 2.5. The Caltrans index over the past seven years (since 2015) has experienced an overall 16% increase, and a 39% increase between 2015 and 2020, while the ENR index for California cities has experienced a 34% increase, and the ENR overall index have only experienced a 29% increase. The impacts of the COVID-19 pandemic increased and then subsequently lowered the index.



Figure 2.5 Caltrans Construction Price Index, 1990-2022



Grass Valley policy specifies that the ENR index for California Cities is to be used as the basis for cost adjustments for the GVTIF. This decision was based in part on the relative stability of the ENR index, which makes the fee program more predictable for developers compared to the highly volatile Caltrans index. Therefore, since the ENR (CA) index has risen 34% since the last nexus study, for projects where no recent cost estimates are available, the project cost estimates were increased 34% from the estimates used the previous nexus study.

# 3. Updates to Fee Calculation

An overview of the methodology used to compute the GVTIF is provided in the section below, followed by sections providing more in-depth discussion of the key components.

## 3.1 Computation Methodology

The methodology used in the fee computation is outlined in Figure 3.1 below. The major steps include:

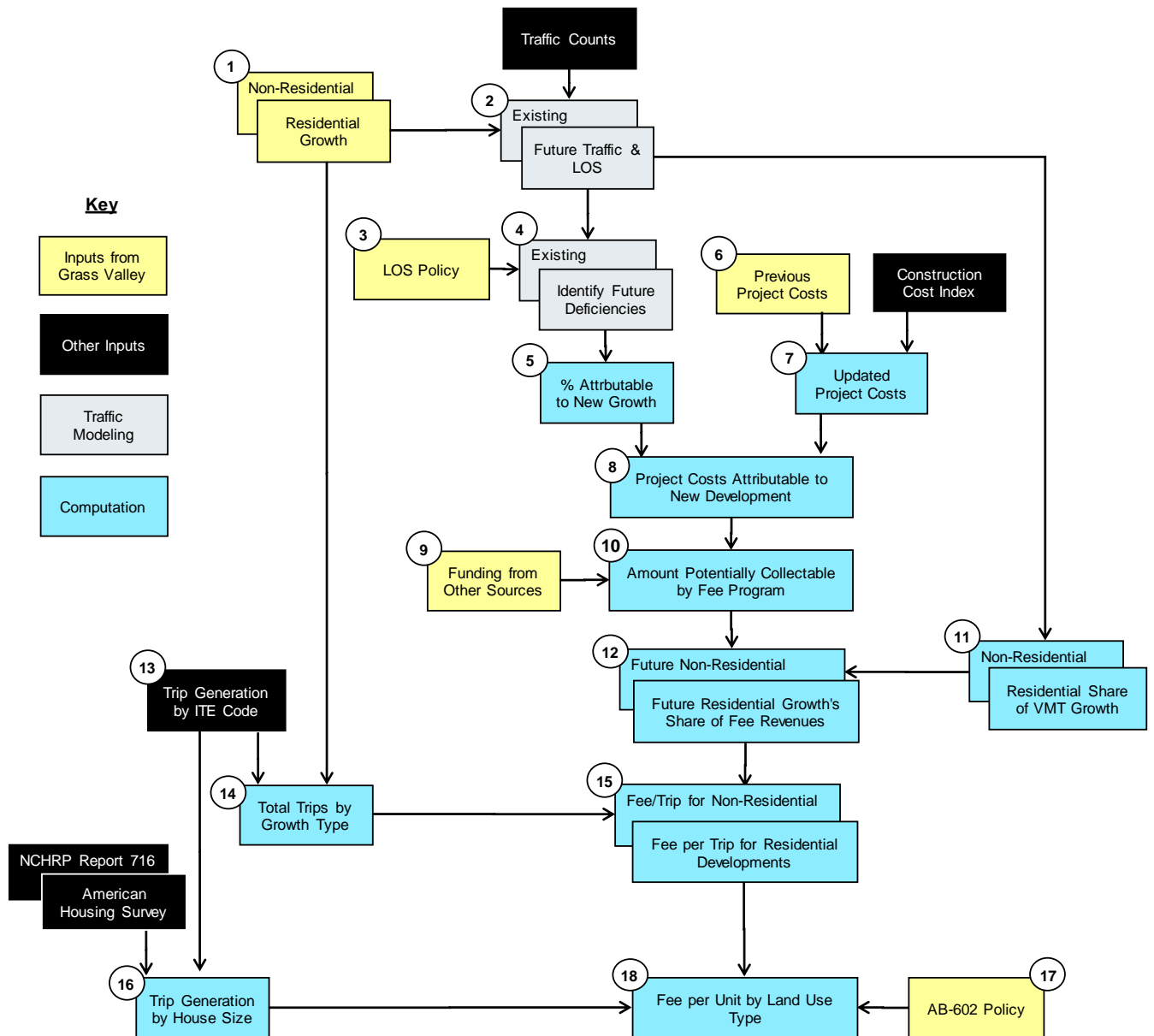
1. The starting point was a set of forecasts for residential and non-residential growth from NCTC, the City of Grass Valley, Nevada City, and Nevada County. The forecasts were described in Section 2.2.
2. The growth forecasts were used as inputs into the NCTC traffic model, which was then used to forecast traffic volumes for 2040. Recent traffic counts were used to find current traffic volumes. The volumes were then used to determine the level of service (LOS) for each potential project site under 2022 and 2040 conditions.
3. Each jurisdiction sets its LOS standards through resolutions, usually as part of its General Plan.
4. The existing and future LOS were compared to the LOS standard to determine where deficiencies currently exist and where they may develop in the future. Potential projects were identified that would correct the deficiencies.
5. The outputs of Step 4 were used to determine the percentage of the need for each potential project that is attributable to new development.
6. The estimated cost for different projects come from a variety of sources, including engineering studies and planning-level estimates.
7. The project cost estimates were updated, if necessary, using the Engineering New Record construction cost index to reflect current prices. This was described in Section 2.4.
8. The outputs from steps 5 and 7 were used to determine the dollar cost for each project that is attributable to new development.
9. Next, any funding that may be available from other sources for the listed projects was identified. This was discussed in Section 2.3.
10. The amount of funding available from other sources was compared to the project costs to determine if it exceeded the amount attributable to existing deficiencies (i.e., not attributable to new development). If so, the surplus of other funds was used to reduce the amount needed from new development. The result was the maximum amount of funding allowable by law that could potentially be collected using the GVTIF.
11. The NCTC traffic model was used to determine the percentage share of growth in vehicle trips (VT) that will be associated with residential and non-residential development for Grass Valley.
12. The results of Steps 10 and 11 were then combined to determine the portion of project costs that could be attributed to new residential and non-residential development.
13. Next, the trip generation rate was determined for each land use type. For residential land uses the unit of measurement was daily trips/dwelling unit, while for non-residential uses trip-generation was measured in terms of daily trips/thousand square feet of space, except for schools, where the unit was daily trips/student and lodging, where daily trips/room were used.
14. The number of new units for each development type was then multiplied by the trip generation rate to produce the total number of new trips associated with each type of land use development.
15. The project funding attributable to residential and non-residential developments (from Step 12) was then divided by the expected number of new residential and non-residential trips (from Step 14) to produce the potential impact fee per trip for each type of unit.
16. AB 602 introduced a requirement that unit size be taken into account when assessing impact fees on new residential development. Data from the American Housing Survey and the National Cooperative Highway

Research Program (NCHRP) were used to estimate trip generation rates for different sized residential units. This is described in Section 3.7.

17. AB 602 offers agencies several options for incorporating dwelling size into a fee program. The NCTC Technical Advisory Committee selected an option that divided new dwellings into small, medium, and large size categories and applies different rates for different types of dwellings. This is described in Section 3.7.
18. The policies from Step 17 were applied to take the fees per trip from Step 15 and combine them with the trip generation rates from Step 13 (for non-residential units) and Step 16 (for residential units) to compute the fee per unit.

The next sections describe several key steps in the process in more detail.

**Figure 3.1 Fee Computation Methodology Flowchart**



## 3.2 Existing & Future Deficiencies

Existing and future deficiencies were identified by comparing the existing and future LOS to the LOS standards adopted by the city. The Grass Valley General Plan calls for LOS D at most locations. However, in some locations LOS E is allowed to maintain the walkable character of the historic downtown area<sup>5</sup>. For Nevada City, the LOS standard is at LOS D. Table 3.1 shows the existing and future LOS at the 11 project locations listed in the previous (2016) nexus study and 10 other locations that the City requested to review as part of this update. Existing and forecasted traffic volumes and the LOS worksheets are included in the Appendix. Table 3.1 shows the disposition of the 21 project locations. Of these:

- 2 have been completed and paid for
  - Idaho-Maryland Road from East Main Street to SR 20/49 Ramps (north side improvements completed, retaining for south side improvements)
  - East Main Street at Bennett Street/Richardson (Reimbursement is being sought through the RTMF program)
- 2 are currently under construction and are being paid for by the developer:
  - Brunswick Road at Idaho-Maryland Road
  - Dorsey Drive extension to Brunswick Road (keep for reimbursement)
- 11 are deemed unnecessary. These include:
  - 4 that were identified in the previous nexus study as no longer being needed/not deficient,
  - 7 were reviewed again at the City's request but are not expected to be needed due to the new, lower growth expectations.
- 1 where the revised growth forecasts combined with the latest traffic count data show a deficiency even though the previous forecasts did not show a deficiency.
- 5 sites where the previous recommendations for improvements should be retained in the GVTIF.

The proposed improvements identified for the fee program are listed below:

1. Brunswick Road at Whispering Pines – Construct barrier curbs to better protect merging traffic
2. East Main Street from Bennett Street to Idaho-Maryland Road – Widening to provide 3 travel lanes
3. Idaho-Maryland Road at Centennial Road - Realign Centennial Drive to intersect Idaho- Maryland Rd and Spring Hill intersection.
4. Idaho-Maryland Road from East Main Street to SR 20/49 Ramps – Widening for sidewalk and curb ramps on south side.
5. Ophir Street at Bennett Street – install a traffic signal
6. Dorsey Drive Extension to Bennett Road – new roadway
7. Railroad Avenue Extension to Bennett Road – new roadway

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<sup>5</sup> See City of Grass Valley Resolution 2013-33

**Table 3.1 Existing & Future LOS at Proposed Project Locations**

TIF ID	Intersection	Traffic Control	LOS Standard	Previous Nexus Study (Existing)		Previous Nexus Study (2035)		Current Nexus Study (Existing)		Current Nexus Study (2040)		Notes
				Delay (sec/veh) or ADT	LOS	Delay (sec/veh) or ADT	LOS	Delay (sec/veh) or ADT	LOS	Delay (sec/veh) or ADT	LOS	
	SR 20/49 NB Ramps/Bennett St	AWSC	D	17.7	C	27.5	D	21.2	C	29.8	C	The previous analysis in 2008 left out the existing EB left-turn lane. When included, this site is no longer expected to be deficient.
	SR 20/49 SB Ramps/Bennett St	AWSC	E*	33.7	D	43.4	E	13.8	B	24.0	C	Not deficient with new forecasts and with the reduced LOS standard for downtown sites. County requested review again.
1	Brunswick Rd/Whispering Pines Lane	SSSC	D	17.0	C	33.2	D	19.3	C	39.3	E	County requested review again. Current study shows a future deficiency. Higher volumes with revised assumptions.
2	E. Main St: Bennett St to Idaho-Maryland Rd		D	13,200	D	15,200	E	11,200	C	13,860	E	Deficiency remains.
	E. Main St: Idaho-Maryland Rd to Hughes Rd		D	19,500	F	20,100	F	9,700	B	10,990	D	Deficient in previous nexus study but not deficient under revised assumptions (lower volumes with Dorsey Dr Interchange)
3	Idaho Maryland Dr/Centennial Dr	SSSC	D	21.4	C	64.4	F	28.2	D	39.1	E	Current study shows a future deficiency.
4	Idaho Maryland Rd: E.Main to SR 20/49 Ramps			11,566	C	14,800	E	14,080	E	17,170	F	Now shows an existing deficiency. Improved recently with sidewalk, etc.
	Idaho Maryland Rd/Sutton Way	AWSC	D	11.1	B	20.8	C	12.4	B	17.3	C	City requested review again.
	McCourtney Rd/Brighton St	SSSC	D	17.4	C	20.6	C	14.8	B	17.8	C	City requested review again.
	S.Auburn St/Neal St	Signal	D	10.2	B	11.4	B	11.0	B	13.2	B	Triangle Intersections. ICE study shows LOS F in future for NB Ramp/Hansen - Stop sign was added NB on Auburn St since, and SB volume is lower. Without added stop sign NB, intersection operates at LOS D/E cusp.
	S.Auburn St/SR 49/20 SB Ramp/Tinloy St	Signal	D	15.4	B	16.5	B	11.2	B	15.7	B	
	S.Auburn St/SR 49/20 NB Ramp/Hansen Wy	Signal	D	27.7	D	68.8	F	10.2	B	11.0	B	
	SR 20/49 SB Ramp /Neal St/Colfax St	Signal	D	19.3	B	45.7	D	15.3	B	26.7	C	
5	Ophir St/Bennett St	SSSC	D	23.7	C	98.1	F	60.8	F	OVR	F	Now Existing Deficiency. Higher volume on free approach on Ophir.
	E. Main St/Bennett/Richardson	Signal	D									The improvements identified in the original RTMF study have already been built. Reimbursement is being sought from the RTMF program.
	Ridge Rd: Hughes Rd to Sierra College Dr		D	13,900	F	15,100	F	5,570	A	8,080	B	No longer deficient. Lower volumes could be due to Dorsey Drive Interchange.
	Dorsey Dr/Sutton Way	AWSC	D	14.0	B	212.5	F	11.7	B	13.6	B	No longer deficient. Prior land uses were much higher here for Loma Rica with >350 ksf retail.
	Brunswick Rd/Idaho Maryland Rd	SSSC	D	51.5	F	OVR	F	53.6	F	OVR	F	Developer to construct soon.
6	Dorsey Drive /Sutton Way Extension											Retain
7	Railroad Ave Extension											Retain
	Bank Street Bridge							300	A	320	A	Remove per City.
8	Admin Costs & 5-yr Reviews											Retain
9	Traffic Model & Fee Study Updates											Retain

Notes:

For signalized intersections average delay and LOS for all approaches are reported.

"AWSC" means "all way stop-controlled." For AWSC intersections, average intersection delay and LOS are reported.

"SSSC" means "side-street stop controlled." For SSSC intersections, delay and LOS for the worst performing approach are reported.

Sites marked with an asterisk (\*) have a lower LOS standard to maintain the walkable character of the downtown area. See Resolution 2013-33

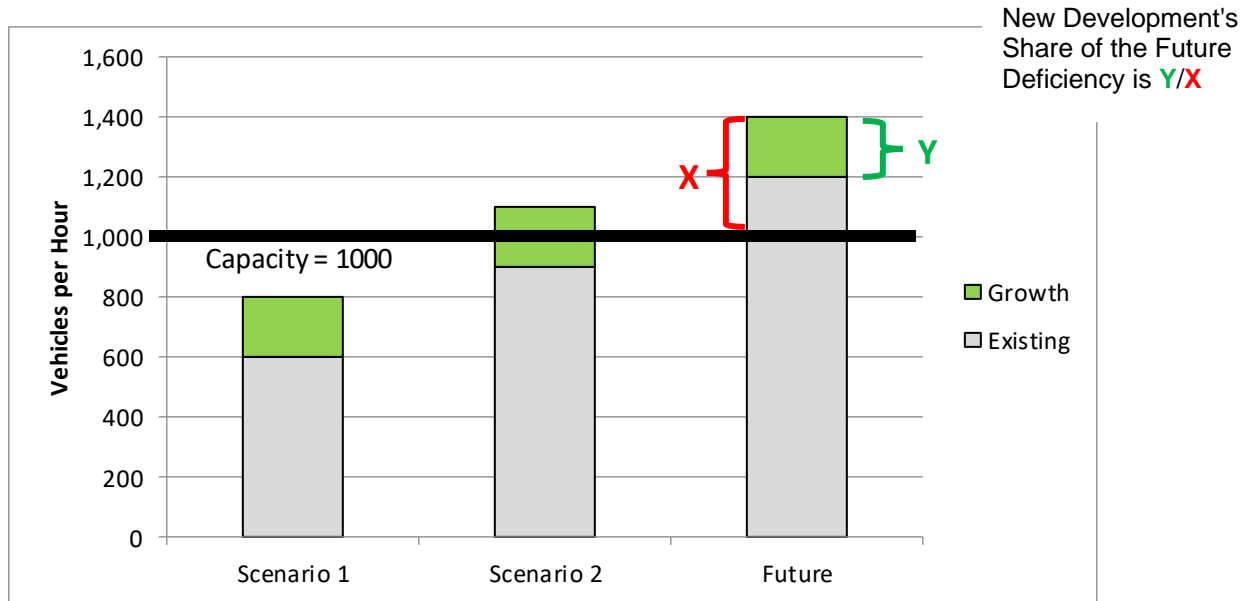
**Table 3.2 Recommended Disposition of Projects on Previous GVTIF List**

GVTIF ID	Site	Recommended Action	Notes
	Bennett Street/ SR 20/49 NB Ramps	Drop	Reviewed again at City's request. No deficiency found.
	Bennett Street/ SR 20/49 SB Ramps	Drop	Reviewed again at City's request. No deficiency found.
1	Brunswick Road/ Whispering Pines Lane	<b>Retain on GVTIF</b>	Reviewed again at City's request. Current study shows a future deficiency. Higher volumes with revised assumptions. Construct barrier curbs to better protect merging traffic. Traffic signal installation as proposed by the traffic model is not recommended.
2	East Main Street - Bennett Street to Idaho-Maryland Road	<b>Retain on GVTIF</b>	Deficiency remains. Widen to provide two 12' travel lanes and allow installation of curb gutter and sidewalk on south side of street.
	East Main Street - Idaho-Maryland Road to Hughes Road	Drop	Deficient in previous nexus study but not deficient under revised assumptions (lower volumes with Dorsey Dr Interchange).
3	Idaho Maryland Drive/ Centennial Dr	<b>Retain on GVTIF</b>	Deficiency remains. Realign Centennial Drive to intersect Idaho Maryland Rd and Spring Hill intersection.
4	Idaho Maryland Road: East Main Street to SR 20/49 Ramps	<b>Retain on GVTIF</b>	Now shows an existing deficiency. Recently installed sidewalk and curb ramps on north side of street. City to construct same on south side.
	Idaho Maryland Road / Sutton Way	Drop	Reviewed at City's request. No deficiency found.
	McCourtney Road/ Brighton Street	Drop	Reviewed at City's request. No deficiency found.
	Neal Street/ S. Auburn St/ SR 20/49 Frontage Rd (Triangle Intersections)	Drop	Conduct a Corridor Analysis Study to provide standards and recommendations for all intersections.
	South Auburn Street/ SR 49/20 NB Ramps		Triangle Intersections. match ICE recommendation. ATP funded.
5	Ophir Street/ Bennett Street	<b>Retain on GVTIF</b>	Now Existing Deficiency. Install a traffic signal.
	Ridge Road - Hughes Road to Sierra College Drive	Drop	No longer deficient. Lower volumes could be due to Dorsey Drive Interchange. Counts near 11,000 (LOS C)
	Sutton Way/ Dorsey Drive	Drop	No longer deficient. Prior land uses were much higher here for Loma Rica with >350 ksf retail.
	Brunswick Road/ Idaho Maryland Road	Drop	Deficiency remains. Install a traffic signal. Widen southbound, westbound and eastbound approaches. Developer is constructing soon.
6	Dorsey Dr/Sutton Way Extension	<b>Retain on GVTIF</b>	
7	Railroad Ave Extension	<b>Retain on GVTIF</b>	Extend Railroad Ave to East Bennett Street.
	Bank Street Bridge	Drop	City said to drop.
8	Admin Costs & 5-yr Reviews	<b>Retain on GVTIF</b>	
9	Traffic Model & Fee Study	<b>Retain on GVTIF</b>	

### 3.3 Determining the Percent of Project Need Attributable to New Development

The procedure for determining the percentage of the need to improve a roadway facility that is attributable to new development is illustrated in Figure 3.2.

Figure 3.2 Percent Attributable Cases



In Figure 3.2 the capacity is the maximum volume that can be accommodated at the adopted LOS. There are three possible cases, namely:

- In Case 1, the roadway facility is operating at below its capacity under existing conditions and is forecast to continue to do so under future (2040) conditions. In such cases there is no deficiency and so no impact fees can be collected for the project.
- In Case 2 the facility operates below its maximum capacity under existing conditions, but the capacity is insufficient to accommodate the expected future growth in traffic. In such cases the need to provide additional capacity is entirely attributable to new development.
- In Case 3 the traffic using the facility already exceeds its rated capacity and the expected growth in traffic will exacerbate the situation. In such cases the percentage attributable to new development is the portion of the volume beyond the rated capacity that comes from new development ( $Y/X$ ).

Table 3.3 shows how this methodology was applied to the projects identified in Table 3.1 as having existing and/or future deficiencies.

As can be seen from Table 3.3, of the 13 sites where deficiencies were identified, 8 were locations where the need for the project is wholly attributable to new development (i.e. Case 2 in Figure 3.2). In the other 5 locations a deficiency already exists to some degree and new development is responsible for only a portion of the need for improvement (i.e., Case 3 in Figure 3.2).

**Table 3.3 Percent of Project Need Attributable to New Development**

TIF ID	Facility	Location	LOS Standard	Existing 2022			Future (2040) Without Improvements				% of Deficiency Attributable to New Development	
				Peak-Hour Entering Volume or ADT	Capacity*	V/C Ratio	LOS	Peak-Hour Entering Volume or ADT	Capacity*	V/C Ratio		LOS
				(A)	(B)	(C)=(A)/(B)	(D)	(E)	(F)	(G)=(E)/(F)		(H)
1	Brunswick Rd	@ Whispering Pines Lane	D				C				E	100%
2	East Main	Bennett St to Idaho-Maryland Rd	D	11,200	13,500	0.83	C	13,860	13,500	1.03	E	100%
3	Idaho-Maryland Rd	@ Centennial Dr	D				D				E	100%
4	Idaho-Maryland Rd	East Main to SR-20/49 Ramps	D	14,080	13,500	1.04	E	17,170	13,500	1.27	F	84%
5	Ophir St	@ Bennett St	D	708	630	1.12	F	935	630	1.48	F	74%
Note: For roadway segments, capacity is as defined in the General Plan. For intersections, capacity is defined as the maximum sum of the approach volumes that does not exceed the LOS standard												



### 3.4 Determining the Amount Potentially Collectible Through the GVTIF

The amount potentially collectible through the GVTIF program was calculated using the updated project costs, the percentage of project need attributable to new development shown in Table 3.3. This calculation is shown in Table 3.4. The amount potentially collectible through the GVTIF is equal to the costs attributable to new development (see Column C), which is \$15.4 million. Note that this includes administrative costs equal to 1% of the cost of the mitigation projects, as is allowed by state law.

Table 3.4 Amount Potentially Collectible Through GVTIF between 2023 to 2040

TIF ID	Facility	Segment	Cost Estimate	% of Need Attributable to New Development	Costs Attributable to New Development	Costs Attributable to Existing Deficiencies (not New Development)
			(A)	(B)	(C) = (A)*(B)	(D) = (A) - (B)
1	Brunswick Rd	@Whispering Pines	\$400,000	100%	\$400,000	\$0
2	East Main	Bennett St to Idaho-Maryland Rd	\$2,300,000	100%	\$2,300,000	\$0
3	Idaho-Maryland Rd	@ Centennial Dr	\$4,100,000	100%	\$4,100,000	\$0
4	Idaho-Maryland Rd	East Main to SR-20/49 Ramps	\$150,000	84%	\$126,294	\$23,706
5	Ophir St	@ Bennett St	\$400,000	74%	\$297,705	\$102,295
6	Dorsey Drive	Extension to Brunswick Road	\$5,000,000	100%	\$5,000,000	\$0
7	Railroad Ave	Extension to Bennett Rd	\$2,700,000	100%	\$2,700,000	\$0
8	Admin Costs and 5-year reviews		1% of fees	100%	\$150,740	
9	Traffic Model & Fee Study Updates		\$150,000	100%	\$150,000	\$0
	Total (including Admin Costs)		\$15,350,740		\$15,224,739	\$126,001
	As a percent of total costs for needed projects				99%	1%

Column “D” in Table 3.4 shows the amount of funding needed to correct existing deficiencies for these projects. A comparison of this amount, \$126,001, with the amount of funding reasonably foreseeable for potential<sup>6</sup> matching funds (\$1.6 million, see Section 2.4 of this report), shows that the City will be able to fully fund the non-GVTIF portion of the projects.

### 3.5 Residential & Non-Residential Shares of Traffic Impacts

The traffic impact of a development project is a function of the number of vehicle trips (VT) generated by that development.

Outputs from the NCTC travel demand model were used to forecast the growth in VT for the five different types of trips that are represented in the model. The growth in VT from new development within Grass Valley was attributed to residential and non-residential developments based on trip type. Standard practice for how to do this can be found in NCHRP Report 1876, a primary reference for travel estimation techniques used in travel demand modeling, which states that "HBW (Home Based Work) and HBNW (Home Based Non-Work) trips are generated at the households, whereas the NHB (Non-Home Based) trips are generated elsewhere." The current study follows this practice by attributing all trips beginning or ending at the traveler’s home to the residential land use while all trips not involving a residential location are attributed to non-residential land uses. The forecast growth in VT from residential and non-residential land uses is shown in Table 3.5.

<sup>6</sup> The projects show in Table 3.4 are not the complete list of projects that the City will be funding from these sources.

**Table 3.5 Percentage of VMT Growth Attributable to Residential & Non-Residential Development**

<b>Trip Purpose</b>	<b>2018 Vehicle Trips</b>	<b>2040 Vehicle Trips</b>	<b>Growth in Trips</b>	<b>% of Total Trip Growth</b>
<b>Attributable to Residential Development</b>				
Home-Base Other Trip Ends	35,054	51,073	16,019	22%
Home-Base Work Trip Ends	92,852	123,593	30,741	42%
School Trip Ends	8,487	10,457	1,970	3%
Home-Based Sierra College Trip Ends	5,705	6,711	1,005	1%
<b>Attributable to Non-Residential Development</b>				
Non-Home-Based Trips	105,700	129,212	23,512	32%
<b>Total Vehicle Trips Ends</b>	<b>247,798</b>	<b>321,045</b>	<b>73,247</b>	<b>100%</b>

Based on this calculation, 68% of VT growth was attributed to residential development and 32% was attributed to non-residential development.

### 3.6 Consideration of Residential Floor Area

Since the 2016 nexus study, the State of California has instituted a new policy<sup>7</sup> pertaining to fees on residential developments. California Government Code (CGC) Section 66016.5(a)(5), which is new with the enactment of AB-602, states that,

*“(A) A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of proposed units of the development. A local agency that imposes a fee proportionately to the square footage of the proposed units of the development shall be deemed to have used a valid method to establish a reasonable relationship between the fee charged and the burden posed by the development.*

*(B) A nexus study is not required to comply with subparagraph (A) if the local agency makes a finding that includes all of the following:*

- (i) An explanation as to why square footage is not appropriate metric to calculate fees imposed on housing development project.*
- (ii) An explanation that an alternative basis of calculating the fee bears a reasonable relationship between the fee charged and the burden posed by the development.*
- (iii) That other policies in the fee structure support smaller developments, or otherwise ensure that smaller developments are not charged disproportionate fees.*

*(C) This paragraph does not prohibit an agency from establishing different fees for different types of developments.”*

AB 602 applies to impact fee programs generally and was not specifically designed to suit transportation impact fees regarding trip generations and unit size. Web research revealed that there are currently no well-established sources for trip generation rates based on residential unit size. However, data on the number of persons per household can be obtained from the U.S. Census Bureau’s American Housing Survey, and data on the number of trips by household size is available from the National Cooperative Highway Research Program (NCHRP) Report 716, *Travel Demand Forecast: Parameters and Techniques*. This data was combined as shown in Table 3.6.

<sup>7</sup> Assembly Bill 602, signed into law September 2021.

**Table 3.6 Computation of Average Trip Generation by Dwelling Size Category**

Persons per Household	Trips per Household	Less than 1,500 sq.ft			1,500 to 2,500 sq.ft			Greater than 2,500 sq.ft		
		Number of Units	Percent of Units	Trips	Number of Units	Percent of Units	Trips	Number of Units	Percent of Units	Trips
	(A)	(B)	(C)=(B)*Σ(B)	(D)=(A)* Σ(C)	(E)	(F)=(E)* Σ(E)	(G)=(A)*(F)	(H)	(I)=(H)* Σ(H)	(J)=(A)*(I)
1	4.1	21,895	39%	1.58	7,828	20%	0.81	2,387	12%	0.48
2	8.2	18,076	32%	2.61	14,701	37%	3.04	7,754	38%	3.11
3	11.2	7,592	13%	1.50	6,928	17%	1.96	3,098	15%	1.70
4	16.1	5,355	9%	1.52	5,928	15%	2.41	4,106	20%	3.24
5	18.6	2,368	4%	0.78	2,754	7%	1.29	1,924	9%	1.75
6	18.6	907	2%	0.30	989	2%	0.46	755	4%	0.69
7+	18.6	525	1%	0.17	553	1%	0.26	398	2%	0.36
<b>Total</b>		<b>56,718</b>	<b>100%</b>	<b>8.46</b>	<b>39,681</b>	<b>100%</b>	<b>10.22</b>	<b>20,422</b>	<b>100%</b>	<b>11.33</b>
Average Persons Per Household		2.17			2.66			2.97		
<b>Trip-Gen Rate as a % of SFD Average</b>		<b>83%</b>			<b>100%</b>			<b>111%</b>		
Sources:		Columns (A),(C) - NCHRP Report 716, Columns (B), (E), and (H) - American Housing Survey								

As can be seen in Table 3.6, although the trip generation rate is somewhat related to the size of the residence, it is not directly proportional to the floor area, as is assumed in Section 66016.5(a)(5)(A). We therefore find, pursuant to Section 66016.5(a)(5)(B)(i), that it would not be appropriate to use square footage directly as the metric of traffic impacts for the purposes of this fee program. We instead find, pursuant to Section 66016.5(a)(5)(B)(ii), that the data supports basing the fees on new small, medium, and large-sized homes on the relationships shown in the bottom row of Table 3.6. We further find, pursuant to Section 66016.5(a)(5)(B)(iii), that these relationships would ensure that smaller units would not be charged disproportionate fees compared to larger units.

CGC Section 66016.5(a)(5)(C) allows agencies to establish different fees for different types of developments. In alignment with AB 602, the City of Grass Valley believes that fees on multi-family and senior housing should be set lower than those of single-family dwellings, in recognition of their lower trip generation rates. Unfortunately, a calculation like that shown in Table 3.6 could not be done for these other classes of residential development because the American Housing Survey only has data on the number of persons per household for single-family dwellings (Table 3.6 uses SFD data). DUEs for multi-family, mobile homes, and senior age-restricted housing were therefore calculated based on their respective PM peak-hour trip-generation rates found in ITE’s *Trip Generation Manual*. The average size for these housing types in the GVTIF fee area falls within the “Small” category, so the ITE average rate for them was used to compute the “Small” value. The ratio of the values shown in the bottom row of Table 3.6 were then used to compute the DUEs for “Medium” and “Large” multi-family, mobile homes, and senior age-restricted housing. The results as shown in Table 3.7.

**Table 3.7 Computation of Dwelling DUEs by Size and Dwelling Type**

Dwelling Type	ITE 11th Ed. Trip-Gen Rate (PM Peak Hour)	Average Unit as % of Average SFD Rate	Dwelling Unit Equivalents (DUEs)		
			Small (<1,500 sq.ft)	Medium (1,500 to 2,500 sq. ft.)	Large (> 2,500 sq.ft.)
Single Family	9.43	100%	0.83	1.00	1.11
Multi-Family	4.54	48%	0.48	0.58	0.64
Mobile Home	7.12	76%	0.76	0.91	1.01

Senior Housing	3.78	40%	0.40	0.48	0.54
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Since fees are based on DUEs, as can be seen in Table 3.7, the highest fees would be paid by large single-family dwellings, which would pay 111% of the base rate for SFD. The lowest fees would be paid by small senior dwellings, which would pay 32% of the base rate.

### 3.6.1 Accessory Dwelling Units (ADUs)

In addition to the considerations discussed above pursuant to AB-602, a separate piece of legislation, SB-13, passed in 2019, establishes a new system for assessing fees on accessory dwelling units (ADUs). It amended CGC Section 65852.2(3)(A)(f)(3) to read,

*“A local agency, special district, or water corporation shall not impose any impact fee upon the development of an accessory dwelling unit less than 750 square feet. Any impact fees charged for an accessory dwelling unit of 750 square feet or more shall be charged proportionately in relation to the square footage of the primary dwelling unit.”*

Based on this sub-section, if an ADU is smaller than 750 square feet then it is exempt from GVTIF fees. Fees on ADU's larger than 750 square feet require a two-part calculation. First the GVTIF fee that would be charged to the primary unit (if it were new) is calculated, then the fee on the ADU is computed based on the ratio of its floor area in relation to the primary unit. For example, if the primary dwelling was 2,000 sq. ft. and would be charged a fee of \$800, then an ADU 1,000 sq. ft. in size on that property would be charged a fee of \$400.

## 3.7 Determination of Total Trips and Fee per Trip

As described earlier, the next step in the process is to determine the total number of trips for residential and non-residential development. This was done by multiplying the trip generation rate for each land use category (see Table 2.1) by number of new units of each land use type (see Table 2.2). The result is shown in Table 3.8.

**Table 3.8 Total Trips by Land Use - Residential Trips**

Land Use	Unit	Trip-Gen Rate per DUE	Estimated Split of Residential Units by Dwelling Type	# of New Units	Dwelling Unit Equivalent (DUE)	Daily Trips
		(A)	(B)	(C)=(C <sub>Total</sub> )*(B)	(D)	(E)=(A)*(C)*(D)
<b>Residential</b>						
<b>Single-Family Dwelling</b>	<b>DU</b>			<b>2,236</b>		<b>20,830</b>
Small (<1,500 sq.ft.)	DU	9.43	16%	358	83%	2,793
Medium (1,500-2,500 sq.ft.)	DU	9.43	80%	1,789	100%	16,868
Large (>2,500 sq.ft.)	DU	9.43	5%	112	111%	1,169
<b>Multi-Family Dwelling</b>	<b>DU</b>			<b>545</b>		<b>2,474</b>
Small (<1,500 sq.ft.)	DU	9.43	100%	545	48%	2,474
Medium (1,500-2,500 sq.ft.)	DU	9.43	0%	0	58%	0
Large (>2,500 sq.ft.)	DU	9.43	0%	0	64%	0
<b>Mobile Home in Park</b>	<b>DU</b>			<b>0</b>		<b>0</b>
Small (<1,500 sq.ft.)	DU	9.43	100%	0	76%	0
Medium (1,500-2,500 sq.ft.)	DU	9.43	0%	0	91%	0
Large (>2,500 sq.ft.)	DU	9.43	0%	0	101%	0
<b>Senior Housing</b>	<b>DU</b>			<b>70</b>		<b>289</b>
Small (<1,500 sq.ft.)	DU	9.43	57%	40	40%	151
Medium (1,500-2,500 sq.ft.)	DU	9.43	41%	29	48%	131
Large (>2,500 sq.ft.)	DU	9.43	2%	1	54%	7
<b>Total Residential</b>						<b>23,593</b>

**Table 3.9 Total Trips by Land Use - Non-Residential Trips**

Land Use	Unit	# of New Units	Trip-Gen Rate	Daily Trips
Office	KSF	472	12.76	6,019
Industrial	KSF	2,142	4.75	10,174
Warehouse	KSF	73	3.56	260
Retail - Low	KSF	221	24.74	5,465
Retail - Medium	KSF	177	47.62	8,417
Retail - High	KSF	44	91.96	4,064
Lodging	Rooms	77	4.21	324
Public & Quasi-Public*	KSF	0	22.59	0
School K-8th Grade*	Students	51	2.25	115
School 9-12th Grade*	Students	298	1.98	590
Community College*	Students	419	1.15	482
<b>Total Non-Residential</b>				<b>35,735</b>
* Indicates Public Sector				

The portion of project costs attributable to new development (see Table 3.4) was multiplied by the percent attributable to residential and non-residential development (see Table 3.5) to find the fee-eligible costs for residential and non-residential development. This was then divided by the number of trips shown in Table 3.8 to determine the fee per trip for residential and non-residential developments (see Table 3.10).

**Table 3.10 Fee per Trip and Fee per EDU**

Item	Formula	Total GVTIF-Eligible Project Costs	Attributable to Residential Development	Attributable to Non-Residential Development
Total Project Costs	(A)	\$15,224,739		
GVTIF Fund Balance (Amount Collected)	(B)	\$1,472,529		
Remaining Cost for Fee Collection	(C)	\$13,752,210		
% Attributable by Category	(D)		68%	32%
Amount Attributable by Category	(E)=(C)*(D)		\$9,337,782.96	\$4,414,427.23
Trip Ends	(F)		23,593	35,735
<b>TIF per Trip End</b>	<b>(G)=(E)/(F)</b>		<b>\$395.79</b>	<b>\$123.53</b>
<b>Fee per EDU</b>	<b>(H)=(G<sub>RES</sub>)*9.43</b>		<b>\$3,732.28</b>	
9.43 is the trip rate equivalent to a single family detached housing unit EDU = Equivalent Dwelling Unit				

### 3.8 Recommended Fee by Land Use Category

The final step was to compute the fee to be charged for each unit of new development. This was done by multiplying the trip generation rates from Table 2.1 by the fee per trip from Table 3.10. The result is shown in Table 3.11. Table

3.11 also compares the new fees with the current fees and includes the effects of the recommended changes to the RTMF fee schedule from a parallel study<sup>8</sup>. The key points from this comparison are:

- A small decrease (3.1%) is recommended for the GVTIF fees for per medium-sized single-family home, a (7%) increase for large-sized single-family homes and increases for mobile homes (40% -87%) and for senior housing (4% - 39%). The recommended fees are significantly reduced for multi-family units and reduced for small and medium sized single-family homes.
- When combined with the residential fees recommended for the RTMF, the net decreases for medium-sized single-family units (6%) are below the inflation rate since the previous nexus study (29%). The combined fee for mobile homes increases by 36% to 82%, and medium and large-sized senior housing increases by 22% and 35%.
- A reduction in fees is recommended for every category of non-residential land use. The decrease stems from the reduction in the list of projects to be funded (see Table 3.2) and attributing trips to residential and non-residential development based on trip purpose which was discussed in Section 3.5.

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<sup>8</sup> See Regional Transportation Mitigation Fee 2023 Nexus Study Update, 2024 Revision, GHD, 2024.

**Table 3.11 Revised Fee Levels – Residential Fees per Dwelling Unit**

Land Use Category	Current GVTIF Rate (A)	Proposed GVTIF Rate (B)	% Change in GVTIF Rate (C)=(B)/(A)-1	Current RTMF Rate (D)	Proposed RTMF Rate <sup>1</sup> (E)	% Change in RTMF Rate (F)=(E)/(D)-1	Current Total Rate (G)=(A)+(D)	Proposed Total Rate (H)=(B)+(E)	% Change in Total Rate (I)=(H)/(G)-1
<b>Residential</b>									
Single Family House									
Small (<1,500 sq.ft.)	\$3,850	\$3,090	-20%	\$4,621	\$3,528	-24%	\$8,471	\$6,618	-22%
Medium (1,500-2,500 sq.ft.)	\$3,850	\$3,732	-3%	\$4,621	\$4,263	-8%	\$8,471	\$7,995	-6%
Large (>2,500 sq.ft.)	\$3,850	\$4,138	<b>7%</b>	\$4,621	\$4,725	<b>2%</b>	\$8,471	\$8,863	<b>5%</b>
Multi-Family									
Small (<1,500 sq.ft.)	\$2,664	\$1,797	-33%	\$3,199	\$2,052	-36%	\$5,863	\$3,849	-34%
Medium (1,500-2,500 sq.ft.)	\$2,664	\$2,171	-19%	\$3,199	\$2,479	-23%	\$5,863	\$4,650	-21%
Large (>2,500 sq.ft.)	\$2,664	\$2,406	-10%	\$3,199	\$2,748	-14%	\$5,863	\$5,154	-12%
Mobile Home in Park									
Small (<1,500 sq.ft.)	\$2,018	\$2,818	<b>40%</b>	\$2,422	\$3,219	<b>33%</b>	\$4,440	\$6,037	<b>36%</b>
Medium (1,500-2,500 sq.ft.)	\$2,018	\$3,404	<b>69%</b>	\$2,422	\$3,888	<b>61%</b>	\$4,440	\$7,292	<b>64%</b>
Large (>2,500 sq.ft.)	\$2,018	\$3,774	<b>87%</b>	\$2,422	\$4,309	<b>78%</b>	\$4,440	\$8,083	<b>82%</b>
Senior Housing									
Small (<1,500 sq.ft.)	\$1,440	\$1,494	<b>4%</b>	\$1,728	\$1,706	-1%	\$3,168	\$3,200	<b>1%</b>
Medium (1,500-2,500 sq.ft.)	\$1,440	\$1,805	<b>25%</b>	\$1,728	\$2,061	<b>19%</b>	\$3,168	\$3,866	<b>22%</b>
Large (>2,500 sq.ft.)	\$1,440	\$2,001	<b>39%</b>	\$1,728	\$2,285	<b>32%</b>	\$3,168	\$4,286	<b>35%</b>
Accessory Dwelling Unit (ADU)									
< 750 sq.ft.	Exempt			Exempt			Exempt		
> 750 sq.ft.	Fee is based on the ratio of its floor area in relation to the primary unit, multiplied by the fee that the primary unit would pay, if it was being built today. (GVTIF for primary unit (C)) x (ADU sq.ft. divided by primary unit sq.ft.)			Fee is based on the ratio of its floor area in relation to the primary unit, multiplied by the fee that the primary unit would pay, if it was being built today. (RTMF for primary unit (F)) x (ADU sq.ft. divided by primary unit sq.ft.)					

1. Proposed RTMF Fee per Unit includes the Annual Inflation Adjustment for 2024.

**Table 3.12 Revised Fee Levels – Non-Residential Fees per KSF**

Land Use Category	Current GVTIF Rate (A)	Proposed GVTIF Rate (B)	% Change in GVTIF Rate (C)=(B)/(A)-1	Current RTMF Rate (D)	Proposed RTMF Rate <sup>1</sup> (E)	% Change in RTMF Rate (F)=(E)/(D)-1	Current Total Rate (G)=(A)+(D)	Proposed Total Rate (H)=(B)+(E)	% Change in Total Rate (I)=(H)/(G)-1
<b>Non-Residential</b>									
Office	\$1,571	\$1,576	0%	\$1,033	\$782	-24%	\$2,604	\$2,358	-9%
Industry	\$695	\$587	-16%	\$457	\$291	-36%	\$1,152	\$878	-24%
Warehouse	\$464	\$440	-5%	\$305	\$219	-28%	\$770	\$659	-14%
Retail - Low	\$3,114	\$2,671	-14%	\$2,047	\$1,326	-35%	\$5,161	\$3,997	-23%
Retail - Medium	\$6,654	\$6,241	-6%	\$4,373	\$3,097	-29%	\$11,027	\$9,338	-15%
Retail - High	\$11,799	\$11,360	-4%	\$7,754	\$5,638	-27%	\$19,553	\$16,998	-13%
Lodging	\$833	\$520	-38%	\$553	\$258	-53%	\$1,386	\$778	-44%
Public & Quasi-Public	Exempt		0%	Exempt		0%	Exempt		0%
School K-8th Grade	Exempt		0%	Exempt		0%	Exempt		0%
School 9-12th Grade	Exempt		0%	Exempt		0%	Exempt		0%
Public College	Exempt		0%	Exempt		0%	Exempt		0%

1. Proposed RTMF Fee per Unit includes the Annual Inflation Adjustment for 2024.



### 3.9 Revenues Expected to be Raised by the GVTIF Program

Based on the number of new units of development shown in Table 2.2 and the recommended fee schedule shown in Table 3.11 and Table 3.12, the total fee revenue expected to be generated by the GVTIF in the next 20 years is \$13.8 million, as shown in Table 3.13. Note that this is slightly (1%) less than the \$13.9 million in project costs attributable to new development shown in Column C of Table 3.4. This is because public-sector developments are exempt from the GVTIF and their share of the costs cannot legally be transferred to others development since the latter are responsible only for mitigating their own impacts.

Table 3.13 Forecast of GVTIF Revenues

Land Use Category	Unit	TIF/ Trip End	Trip-Gen Rate	TIF/ Unit	Expected # of New Units	Expected Revenues	Percent of Revenues
<b>Residential</b>							
Single Family House	DU	\$395.79	9.43	\$3,732	2,236		
Small (<1,500 sq.ft.)	DU		83%	\$3,090	16%	\$1,105,389	8.1%
Medium (1,500-2,500 sq.ft.)	DU		100%	\$3,732	80%	\$6,676,295	49.1%
Large (>2,500 sq.ft.)	DU		111%	\$4,138	5%	\$462,588	3.4%
Multi-Family	DU	\$395.79	9.43	\$3,732	545		
Small (<1,500 sq.ft.)	DU		48%	\$1,797	100%	\$979,297	7.2%
Medium (1,500-2,500 sq.ft.)	DU		58%	\$2,171	0%	\$0	0.0%
Large (>2,500 sq.ft.)	DU		64%	\$2,406	0%	\$0	0.0%
Mobile Home in Park	DU	\$395.79	9.43	\$3,732	0		
Small (<1,500 sq.ft.)	DU		76%	\$2,818	100%	\$0	0.0%
Medium (1,500-2,500 sq.ft.)	DU		91%	\$3,404	0%	\$0	0.0%
Large (>2,500 sq.ft.)	DU		101%	\$3,774	0%	\$0	0.0%
Senior Housing	DU	\$395.79	9.43	\$3,732	70		
Small (<1,500 sq.ft.)	DU		40%	\$1,494	57%	\$59,615	0.4%
Medium (1,500-2,500 sq.ft.)	DU		48%	\$1,805	41%	\$51,798	0.4%
Large (>2,500 sq.ft.)	DU		54%	\$2,001	2%	\$2,801	0.0%
<b>Residential Total &gt;</b>						<b>\$9,337,783</b>	<b>68.6%</b>
<b>Non-Residential</b>							
Office	KSF	\$123.53	12.76	\$1,576	472	\$743,553	5.5%
Industry	KSF	\$123.53	4.75	\$587	2,142	\$1,256,765	9.2%
Warehouse	KSF	\$123.53	3.56	\$440	73	\$32,104	0.2%
Retail - Low	KSF	\$123.53	21.63	\$2,671	221	\$590,244	4.3%
Retail - Medium	KSF	\$123.53	50.52	\$6,241	177	\$1,103,135	8.1%
Retail - High	KSF	\$123.53	91.96	\$11,360	44	\$502,001	3.7%
Lodging	Rooms	\$123.53	4.21	\$520	77	\$40,046	0.3%
Public & Quasi-Public	KSF	Exempt	22.59	\$0	0	\$0	
School K-8th Grade	Students	Exempt	2.25	\$0	51	\$0	
School 9-12th Grade	Students	Exempt	1.98	\$0	298	\$0	
Public College	Students	Exempt	1.15	\$0	419	\$0	
<b>Non-Residential Total &gt;</b>						<b>\$4,267,846</b>	<b>31.4%</b>
Combined Total Expected Revenues >						<b>\$13,605,629</b>	
Total Costs Attributable to New Development >						\$13,752,210	
Expected Revenues as a Percentage of Allowable Project Costs >						<b>99%</b>	

Approximately 68% of the forecast revenue will come from single and multi-family housing. It is therefore crucial to the viability of the program that fees on those two categories of development are not reduced further.

## 4. Mitigation Fee Act Findings

The Mitigation Fee Act, as set forth in the California Government Code Sections 66000 through 66008, establishes the framework for mitigation fees in the State of California. The Act requires agencies to make certain findings with respect to a proposed fee. These are described in the sections below.

### 4.1 Purpose of the Fee

***Identify the purpose of the fee***

The purpose of the GVTIF is to mitigate the cumulative impacts of future developments on traffic conditions on city streets in Grass Valley. The fees will help fund improvements needed to maintain the target level of service in the face of the higher traffic volumes brought on by new developments.

### 4.2 Use of Fee Revenues

***Identify the use to which the fees will be put. If the use is financing facilities, the facilities shall be identified***

The list of projects to receive GVTIF funding is shown in Exhibit 23. We recommend that the GVTIF should be used only for non-State roads in the city. NCTC has a complementary program (the RTMF) to mitigate cumulative traffic impacts on regional facilities in the city. Only projects involving state facilities were considered “regional” under this policy and can receive RTMF funding.

### 4.3 Use/Type of Development Relationship

***Determine the reasonable relationship between the fees’ use and the type of development project on which the fees are imposed***

To determine the “use” relationship, the development being assessed an impact fee must be reasonably shown to derive some use or benefit from the facility being built using the fee. In the case of the GVTIF the projects to be funded were selected because they performed a local (as opposed to regional) function and that the need for the project was at least partially attributable to new development. The growth in vehicle trips and the increases in congestion at project sites (see Exhibit 16) are evidence that new developments contribute towards the need for roadway improvements.

The fact that the projects that will be funded by the GVTIF are high-priority city roads means that all the city’s new residents and businesses will benefit in important ways from the maintenance of a reasonable level of service. Most drivers in the new developments can be expected to use these roads regularly, and those that do not will nevertheless benefit because good traffic conditions on the GVTIF-funded roads will keep drivers from diverting to other roads and causing congestion in other parts of the city. Even residents or workers in the new developments who do not drive at all will benefit from access to goods and services made possible in part by the serviceability of the Grass Valley road network.

### 4.4 Need/Type of Development Relationship

***Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed***

To determine the “need” relationship, the facilities to be financed must be shown to be needed at least in part because of the new development. This was determined by analyzing the forecast traffic demand with the expected degree of new development and comparing that with the demand without new development. Projects were analyzed individually

and the degree to which the need for the project was attributable to new development varied from project to project. This analysis is described in an earlier chapter of this report.

## 4.5 Proportionality Relationship

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

The “proportionality” relationship requires that there be rough proportionality between the fee charged to each type of development and the cost of the facility being financed. In the case of the GVTIF the differences in the traffic generated by different types of development were factored into the fee to be charged for each type, as is described earlier in this report. Within each land use category, the size of the project, i.e. the number of dwelling units constructed or size of the building, is accounted for in assessing the fee. This ensures that projects that generate a lot of traffic and therefore have a greater traffic impact will pay more than other projects that have less impacts.

# 5. Annual Inflation Adjustment

In addition to the revisions to the 2023 Nexus Study, this revision includes an annual inflation adjustment to the fees.

The GVTIF may, at the City’s discretion, be adjusted to account for the inflation of construction, right-of-way acquisition, and design costs each year. In February or March of each calendar year, the GVTIF should be reviewed, and fee adjustments should be recommended by the City based on the percentage change in the San Francisco Construction Cost Index (CCI) as reported in the Engineering News Record (ENR) for the 12-month period ending in December of the prior year. The CCI information and associated percentage change is shown below in Table 5.1.

Table 5.1 Annual Inflation Adjustment Calculation

ENR San Francisco Construction Cost Index	
December 2022	14,977.94
December 2023	15,515.00
Percentage Change	3.59%

The percentage change from the CCI indices is then applied to the proposed fees from Tab 3.11 and 3.12 to obtain the final proposed fees for agency adoption. The calculation of the annual inflation adjustment of the fees on residential units and non-residential units is shown in Tables 5.2 and 5.3, respectively.

Table 5.2 Recommended Residential Fees with Annual Inflation Adjustment

Typical Use	ITE Code & Unit	Proposed Fee without Inflation	Inflation Rate	Final Proposed Fee (with Inflation)
		(A)	(B)	(C)=(A)*(B)
<b>Residential (Dwelling Unit)</b>				
Single Family	210			
Small (<1,500 sq.ft.)	Dwelling Unit	\$3,090	1.0359	\$3,201
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$3,732	1.0359	\$3,866
Large (>2,500 sq.ft.)	Dwelling Unit	\$4,138	1.0359	\$4,287
Multi-Family	251			
Small (<1,500 sq.ft.)	Dwelling Unit	\$1,797	1.0359	\$1,862
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$2,171	1.0359	\$2,249
Large (>2,500 sq.ft.)	Dwelling Unit	\$2,406	1.0359	\$2,492
Mobile Home	220			
Small (<1,500 sq.ft.)	Dwelling Unit	\$2,818	1.0359	\$2,919
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$3,404	1.0359	\$3,526
Large (>2,500 sq.ft.)	Dwelling Unit	\$3,774	1.0359	\$3,909
Senior Housing	252			
Small (<1,500 sq.ft.)	Dwelling Unit	\$1,494	1.0359	\$1,548
Medium (1,500-2,500 sq.ft.)	Dwelling Unit	\$1,805	1.0359	\$1,870
Large (>2,500 sq.ft.)	Dwelling Unit	\$2,001	1.0359	\$2,073
Accessory Dwelling Unit (ADU)				
< 750 sq.ft.		Exempt		
> 750 sq.ft.		Fee is based on the ratio of its floor area in relation to the primary unit, multiplied by the fee that the primary unit would pay, if it was being built today. (RTMF (F) for primary unit) x (ADU sq.ft. divided by primary unit sq.ft.)		

**Table 5.3 Recommended Non-Residential Fees with Annual Inflation Adjustment**

Typical Use		Unit	Proposed Fee without Inflation	Inflation Rate	Final Proposed Fee (with Inflation)
			(A)	(B)	(C)=(A)*(B)
<b>Non-Residential</b>					
	Office	KSF	\$1,576	1.0359	\$1,633
	Industrial	KSF	\$587	1.0359	\$608
	Warehouse	KSF	\$440	1.0359	\$456
	Retail/Service - Low	KSF	\$2,671	1.0359	\$2,767
	Retail/Service - Medium	KSF	\$6,241	1.0359	\$6,465
	Retail/Service - High	KSF	\$11,360	1.0359	\$11,768
*	Lodging	Room	\$520	1.0359	\$539
**	Public & Quasi-Public	KSF			Exempt
**	School K-8th Grade	Student			Exempt
**	School 9-12th Grade	Student			Exempt
**	Public College	Student			Exempt

\* The unit of analysis for this category is "rooms". Trip-gen rate shown is the average for the hotel and motel categories

\*\* Public-sector land uses are generally exempt from local fees

## 6. Implementation

The GVTIF Program presented in this report is based on the best available information on roadway improvement cost estimates, administrative cost estimates, and land use. If costs change significantly, if the type or amount of new development changes, if other assumptions significantly change, or if other funding becomes available (as a result of legislative action on state and local government finance, for example), the fee program should be updated accordingly.

After the fees presented in this report are adopted, the city should conduct periodic reviews of roadway improvement costs and other assumptions used as the basis of this nexus study. Based on these reviews, the city may make adjustments to the fee program through subsequent fee program updates.

### 6.1 Implementing Ordinances & Resolutions

The proposed fee schedule would be adopted by the City through one or more ordinances authorizing collection of the fee and through one or more fee resolutions. The revised fee will take effect on the date specified in the ordinance but not less than 60 days following the City's final action on the ordinances authorizing collection of the fee and on the fee resolutions establishing the fee schedule. The new ordinances or resolutions should reference the potential adjustments discussed later in this chapter.

### 6.2 Fee Administration

The GVTIF Program will be collected from new development in areas subject to the fee at the time of the building permit issuance; use of these funds may need to wait until a sufficient fund balance can be accrued. According to Government Code Section 66000, the city is required to deposit, invest, account for, and expend the fees in a prescribed manner.

New development located in any of the SDAs will require annexation to the city before entitlement and development. The fee will be collected at the time of the issuance of the Certificate of Occupancy. The city intends to request traffic mitigation from new development located in the City's SOI, but not currently in the City limits, through the County where possible.

### 6.3 GVTIF Exemptions, Reimbursements, & Credits

#### 6.3.1 Exemptions

The GVTIF Program may be reduced under certain circumstances. Any exemptions or reduction in fees will be based on the City's independent analysis and review of the subject property.

The City Council may waive any and all portions of the Fee if it can be determined that a proposed project will not impact any facility for which the Fee is collected. Exemption criteria will be established by the City at the time of enactment of the fee ordinance(s) or resolution(s). Examples of the types of development that may be fully or partially exempted from the Fee include:

- Additions to residential and non-residential structures provided that such additions do not increase traffic impacts;
- Replacement of damaged or destroyed structures as a result of fire, flood, explosion, wind, earthquake, riot, or other calamity, or act of God; provided that such replacement does not increase the traffic impact of the structure.
- Square footage of a multi-family project used for purposes of supporting the project's operation, such as the office, restrooms, or recreation room, provided that such changes do not increase the number of dwelling units;

- Public facilities; and
- Agricultural storage facilities, provided that such facilities do not increase the traffic impact of the property.

The GVTIF Program excludes public facilities from the fee because the Mitigation Fee Act coupled with the California Codes restrict the City from assessing fees or collecting revenue from public facilities (e.g., State buildings, County buildings, or State-regulated public schools) for the construction of roadway facilities.

### 6.3.2 Credit for Replacement of Existing Buildings

Portions of the City are already developed. New development that replaces existing development is eligible for a fee credit to the extent that the facilities to be funded by the new development are already provided to the existing development. In such cases the development will be charged for the difference in the number of dwelling unit (for residential) or floor space (for non-residential) between the building being replaced and the new building. For example, a four-unit apartment complex that is replaced by a ten-unit apartment complex would pay GVTIF on the additional six apartments only. The City's Public Works Department will determine the amount of the fee credit at the time a site plan is submitted to the city.

Note that the credits given under this sub-section are for replacement of *existing* buildings only; meaning existing during the period for which existing roadway capacity deficiencies were analyzed. Credit will not be given for buildings that may once have existed on the site but were demolished prior to the establishment of the GVTIF.

### 6.3.3 Reimbursement to Developers

In some cases, traffic impacts occur, and public infrastructure improvements are needed up-front, before sufficient revenue from the fee collection is available to fund such improvements. Consequently, to mitigate their impacts developers may sometimes be required to pay for the public improvements whose need is triggered by their projects, but they are only partially responsible for.

In cases where a private party (e.g., developer) has advance-funded an eligible GVTIF facility, the party will be due a reimbursement from the GVTIF Program. Reimbursements will be provided under the following conditions:

- Developer-installed improvements shall be considered for reimbursement. Only funds collected from the roadway fee shall be used to reimburse a developer who installed eligible roadway facility improvement identified in this report; and
- The value of any developer-installed improvement for fee credit or reimbursement purposes shall be based on the actual cost of eligible facilities in the CIP as determined by the City.

The reimbursement may be in the form of fee credits or cash reimbursements as described in more detail herein.

### 6.3.4 Credit and Reimbursement Implementation Process

Once all criteria are met, fee credits may be taken against fees when payable at building permit issuance. To obtain fee credits, the public facility project must meet all criteria and developers must apply to the City before payment of fees on the first unit associated with final development approval. The city maintains the flexibility to allocate fee credits in a manner it chooses. Fee credits granted shall be on a per-dwelling-unit or per-thousand-square-foot basis for all development projects. In no event, will a party be granted fee credits against the administrative portion of the fee.

Cash reimbursements will be due to developers who have advance funded a facility (or facilities) in excess of their proportionate share for such a facility. In this instance, developers would first obtain fee credits, up to their fair share requirement for a facility, and then await reimbursement from fee revenue collections from other fee payers.

The use of accumulated fee revenues shall be used in the following priority order:

1. Critical projects as defined by the city; then
2. Repayment of reimbursement to private developers for the construction of CIP projects.

To obtain reimbursements, developers must enter into a reimbursement agreement with the city. Reimbursements will be paid only after the city accepts public facility improvements. It is important to note that reimbursements are an obligation of the GVTIF Program and not an obligation of the City General Fund or other operating funds.

## 6.4 Fee Program Update

The GVTIF Program is subject to inflation adjustments, periodic updates, and a 5-year review requirement. The purpose of each update is described in this section.

### 6.4.1 Inflation Adjustment

The proposed fee may be adjusted by the city annually to account for the inflation of construction, right-of-way acquisition, and environmental or design costs. It is recommended that once each calendar year, using the procedures set forth in California Government Code Section 66017, the city should adjust the fees based on the San Francisco Construction Cost Index as reported in the Engineering News Record for the 12-month period ending December of the prior year. The new fee schedule should be adopted by the city through a resolution.

### 6.4.2 Period Update

The city may, at its option, adjust the fee based on changes in developable land, cost estimates, or outside funding sources. In such cases the city will review the costs and fee to determine if any updates to the fee are warranted. During the periodic reviews, the city will analyze:

- Changes to the required facilities listed in the most recent Nexus Study;
- Changes in the cost to update or administer the fee;
- Changes in costs greater than inflation;
- Changes in assumed land uses; and
- Changes in other funding sources.

Any changes to the fee based on the periodic update will be presented to the City Council for approval before an increase or decrease in the fee.

### 6.4.3 5-Year Review

Fees will be collected from new development in the City immediately; use of these funds, however, may need to wait until a sufficient fund balance can be accrued. According to Government Code Section 66006, the City is required to deposit, invest, account for, and expend the fees in a prescribed manner. The fifth fiscal year following the first deposit into the Fee account or fund and every 5 years thereafter, the City is required to make all of the following findings with respect to that portion of the account or fund remaining unexpended:

- Identify the purpose for 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 plan area improvements; and
- Designate the approximate dates on that the funding referred to in the above paragraph is expected to be deposited in the appropriate account or fund.

The city must refund the unexpended or uncommitted revenue portion of the fee for which a need could not be demonstrated in the above findings unless the administrative costs exceed the amount of the refund.



