



# CITY OF WHEATLAND

## CITY COUNCIL MEETING STAFF REPORT

September 22, 2020

**SUBJECT:** The City of Wheatland staff recommends City Council select Goodwin Consulting Group as the consultant to begin preparing the Wheatland AB 1600 Fee Study Update.

**PREPARED BY:** Tim Raney, Community Development Director

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### Recommendation

The City of Wheatland staff recommends City Council select Goodwin Consulting Group as the consultant to begin preparing the Wheatland AB 1600 Fee Study Update and Direct the City Manager to execute a Professional Services Agreement in an amount not to exceed \$40,000.

### Discussion and Background

The City of Wheatland was awarded \$160,000 of funding from the SB 2 Grant offered by HCD. Among other tasks, a portion of the SB 2 Grant (\$40,000) will be used for the City to update its AB 1600 Fee Study. The purpose of the study is to identify the development impact fees for future development within the City.

The Wheatland City Council approved by resolution the expenditure of the SB 2 Grant funds; therefore, Wheatland staff reached out to three experienced firms requesting qualifications to solicit interest to prepare an update to the City's AB 1600 Fee Study, including Economic & Planning Systems (EPS), Revenue Cost Specialists (RCS), and Goodwin Consulting Group (GCG).

After review of the qualifications received, staff ranked Goodwin Consulting Group as first due to their depth of experience preparing AB 1600 fee studies, and recent experience with the City of Wheatland preparing the CSDs for the Caliterra Ranch and Heritage Oaks projects and the Bear River Levee Fee study.

Therefore, staff is recommending Council select Goodwin Consulting Group as the consultant to begin preparing the Wheatland AB 1600 Fee Study Update. Goodwin Consulting Group's statement of qualifications and the proposed Scope of Work for the project are attached.

**Fiscal Impact**

The City of Wheatland was awarded a \$160,000 grant from HCD, which identified \$40,000 of the total grant for a consultant to prepare an AB 1600 fee study. It should be noted that the grant does not require a City match.

**Attachments**

1. Goodwin Consulting Group Statement of Qualifications
2. Goodwin Consulting Group Scope of Work



GOODWIN CONSULTING GROUP

**STATEMENT OF QUALIFICATIONS**

**CITY OF WHEATLAND  
DEVELOPMENT IMPACT FEES UPDATE**

**SUBMITTED BY:**

**GOODWIN CONSULTING GROUP, INC.**

**SEPTEMBER 3, 2020**

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## ***I. ABOUT GCG***

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Goodwin Consulting Group, Inc. (GCG) is a Sacramento-based firm that has prepared development impact fee nexus studies for cities, counties, special districts, and school districts throughout California. The principals of GCG have more an entire century of combined experience in public finance, development economics, real estate market analysis, and municipal consulting. The firm makes a commitment that a principal will be actively involved in all aspects of a project—an approach to project management that has been very well-received by our clients.

GCG has prepared numerous impact fee studies that have withstood extensive scrutiny by the development community. In establishing nexus and calculating impact fees, GCG considers all components that factor into a fair and objective fee program, including existing vs. preferred facility standards, alternative sources of funding, segregation of existing deficiencies, fee inflation indexing, and ongoing monitoring of the fee program as required by State law. GCG keeps up-to-date on court cases, fee challenges, and legal opinions related to impact fees and nexus findings.

Experience with both public and private sector clients provides GCG staff with the ability to recommend financing strategies that can be implemented after consideration of market constraints, political pressures, competitive projects, and project funding capacity. The principals of GCG have a reputation for facilitating agreement between public agencies and the development community throughout the preparation and implementation of impact fee and public financing programs. GCG staff members are known to be fair and objective and to maximize benefits and minimize burdens to all interested parties. It has been GCG's experience that, ultimately, the future homeowners and commercial/industrial property owners benefit from this approach.

GCG also provides assistance to clients to help implement, monitor, and administer fee credit and reimbursement programs. Our staff has considerable experience dealing with the complex situations that arise when multiple developers are involved in large planning areas, and fee credits and reimbursements are needed to ensure a fair share allocation of infrastructure and public facility costs. Following are descriptions of comprehensive impact fee programs that GCG has been involved in.

## ***II. RELEVANT EXPERIENCE AND REFERENCES***

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Following are descriptions of a sampling of comprehensive impact fee programs that GCG has worked on:

### **CITY OF FOLSOM PLAN AREA SPECIFIC PLAN FEE AND STAND-ALONE FEES NEXUS STUDY**

GCG helped the City establish the Folsom Area Specific Plan Area Fee as well as update several of the City's Stand-Alone fees. The fees are being applied to new development in the Folsom Plan Area, a new specific plan area in the City that includes 3,600 acres for future growth. The development is planned for approximately 10,000 residential units and almost 5.0 million square feet of commercial and office space. A total of thirteen fees are included in the fee program, including general capital facilities, police and fire buildings, vehicles and equipment, a municipal services center, a library building, parks and trails development, solid waste vehicles and equipment, corporation yard relocation and expansion, transit facilities and vehicles, and improvements to roads, highways, and interchanges. GCG met with City staff and the development community to present different fee calculation methodologies as well as to gain consensus on the fee rates. The City Council subsequently adopted the fee nexus study.

### **CITY OF FOLSOM PARK IMPROVEMENT FEE PROGRAM NEXUS STUDY**

GCG updated the City of Folsom's Park Improvement Fee Nexus Study. The Park Fee Program encompasses the remaining undeveloped areas on the north side of the City. The fee program was based on the City's recently updated Parks Master Plan that included the remaining parks and recreation facilities required to serve the City. As part of the outreach effort, GCG met with the Building Industry Association and the development community to hear their feedback and concerns. GCG presented the City with several fee methodology options which provided the City some flexibility to negotiate with the development community on the level of the park fees. The City Council subsequently adopted the Park Fee Nexus Study.

**Reference:** James Francis, Director of Finance  
City of Folsom  
jfrancis@folsom.ca.us  
(916) 355-7347

### **CITY OF OAKDALE CAPITAL FACILITIES FEE (CFF) PROGRAM NEXUS STUDY**

GCG updated the City of Oakdale's Capital Facilities Fee Program Nexus Study. The CFF is a comprehensive fee program that includes transportation, wastewater, water, storm drainage, police, fire, parks and recreation, and administration buildings. The CFF is a citywide fee program except for the drainage fee, which is divided into four fee zones, with one of the fee zones established for infill development within the City's downtown area. The facilities and costs were allocated to future development in ten planning areas, some of which would be annexed to the City in the future. GCG presented the CFF Nexus Study to the City Council, which subsequently adopted the updated impact fees.

### **CITY OF OAKDALE WEST F STREET BENEFIT AREA REIMBURSEMENT DISTRICT STUDY**

The City of Oakdale hired GCG to determine the fair share allocation of facilities costs to properties in the West F Street Benefit Area Reimbursement District. The District was formed to ensure that all developers paid a fair share of the facilities costs that were oversized by the initial developer. GCG allocated each of the facilities costs based on the benefit received by each property in the District. In addition, GCG calculated the CFF program fee credits and the reimbursements due to each property in the District. GCG presented the report to the City Council, which subsequently adopted the Study's conclusions.

**Reference:** Mr. Albert Avila  
Finance Director  
aavila@ci.oakdale.ca.us  
(209) 845-3584

### **CITY OF LODI IMPACT MITIGATION FEE PROGRAM NEXUS STUDY**

GCG updated the City of Lodi's Impact Mitigation Fee Program (IMFP) Nexus Study. The IMFP is a citywide fee program that includes transportation, wastewater, water, storm drainage, police, fire, parks, electric, and general city facilities. The Nexus Study includes a cash flow analysis that looks at the projected timing of fee revenues and facility costs to estimate funding shortfalls and determine facility priorities. The fee update process included regular meetings with City staff and the development community in order to reach consensus on the updated IMFP.

**Reference:** Wally Sandelin  
Public Works Director  
wsandelin@lodi.gov  
(209) 333-6709

**LAGUNA RIDGE SPECIFIC PLAN SUPPLEMENTAL PARK FEE STUDY, CITY OF ELK GROVE**

GCG prepared a Fee Nexus Study to implement the City of Elk Grove Laguna Ridge Specific Plan Supplemental Park Fee program. The Supplemental Park Fee program equalizes park improvement costs among all developers in the specific plan area through the use of facilities and land fee credits. GCG developed a park land and facilities equalization program that ensures that all developers contribute their fair-share of park land dedications, whether this is with actual land dedicated or through an in-lieu land fee that will reimburse those owners who contributed more than their fair share obligation. Developers that oversize park facilities receive credits and reimbursements from developers who pay in-lieu park fees. The park fee program includes costs for community and neighborhood park development, parkland, trails, and parkways, and includes separate land acquisition and facilities fee components. After running multiple scenarios that included varying park improvement costs, parks acreage, residential development, and developer funding, the Elk Grove City Council adopted the fee study.

**Reference:** Brandon Merritt, Finance Analyst  
City of Elk Grove  
bmerritt@elkgrovecity.org  
(916) 478-2203

### **III. PROJECT MANAGEMENT - KEY STAFF**

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#### **Victor Irzyk Senior Principal**

Victor Irzyk will serve as Project Manager of the work provided to the City of Wheatland. In this role, he will oversee quality control of GCG's work product; coordinate with City staff, and attend meetings and participate in presentations to City staff, the development community, and the City Council; and ensure compliance with the project schedule and budget. Victor has over 25 years of extensive experience in developing impact fee programs. He is well-versed in the Mitigation Fee Act and related case law. He has applied his quantitative skills to establish and administer development impact fee programs, develop cash flow models that have been used to evaluate the fiscal and financial impacts of new development projects, and implement comprehensive facility financing strategies.

Victor also manages GCG's CFD administration department and is responsible for the calculation and submittal of special tax levies for CFDs throughout the State. As part of the annual CFD administration services, he oversees the preparation and dissemination of SEC-required continuing disclosure reports to the municipal bond market, arbitrage rebate and yield reduction calculations for tax-exempt bond issues, annual reporting to the California Debt and Investment Advisory Commission, bond payoff calculations for property owners, inquiries from taxpayers, and tax delinquency monitoring and foreclosure assistance.

#### **Select Development Impact Fee Experience**

- City of Lincoln Public Facilities Element Fee Program
- City of Lodi Impact Mitigation Fee Program Update
- City of Oakdale Capital Facilities Fees
- City of Los Banos Development Impact Fee Program
- City of Lathrop Capital Facilities Fee Program
- City of Lathrop Central Lathrop Specific Plan Fee Program
- City of Los Banos Quimby Fee Update
- City of Folsom Plan Area Specific Plan and Stand-Alone Fee Program
- City of Folsom Park Improvement Fee Program
- County of Sutter Development Impact Fee Program
- Sacramento County North Vineyard Station Specific Plan Fee Program
- Sacramento County Florin Vineyard Specific Plan Fee Program

- City of Yuba City Development Impact Fee Program
- City of Sutter Creek Development Impact Fee Program
- City of Rancho Cordova Sunridge Specific Plan Impact Fee
- City of Elk Grove Community Facilities Fee Nexus Study
- City of Rancho Cordova Community Facilities Fee Program Nexus Study
- City of Galt Transportation Impact Fee Nexus Study
- City of Vallejo Transportation Impact Mitigation Fee Program
- City of Elk Grove Laguna Ridge Specific Plan Supplemental Park Fee Nexus Study
- Cosumnes CSD Fire Impact Fee Study
- City of Dixon Storm Drainage Impact Fee Nexus Study
- City of Vacaville Development Impact Fee Nexus Study

### **Education**

B.S., Mathematics, University of Illinois-Chicago

M.B.A., University of Southern California

### **Miriam Adamec Vice President**

Miriam Adamec has applied her economic and analytical background to develop tax apportionment methods for Mello-Roos community facilities districts, economic and fiscal impact analyses, and impact fee analyses to evaluate impacts from new development. Miriam also works on the ongoing tax administration of over 30 Mello-Roos community facilities districts. She prepares annual CFD tax administration reports, continuing disclosure reports, and fiscal status reports for both Mello-Roos and Mark-Roos bonds as required by the California Debt and Investment Advisory Commission. Following is a brief outline of various development impact fee projects which Miriam has worked on.

### **Select Development Impact Fee Experience**

- City of Folsom Park Improvement Fee
- Cordova Recreation and Park District Impact Fee Program
- City of Folsom Plan Area Facilities Fee Program
- City of Elk Grove Southeast Plan Area Park Fee
- City of Elk Grove Southeast Plan Area Drainage Fee
- Sacramento County North Vineyard Station Specific Plan Fee Program

- Sacramento County Florin Vineyard Specific Plan Fee Program
- City of Elk Grove Community Facilities Fee Nexus Study

**Education**

B.A., Economics and International Relations, Mills College

***IV. HOURLY BILLING RATES***

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Services provided by GCG are typically billed on a time-and-materials basis using the hourly rates set forth in the table below, up to a not-to-exceed budget. The budget will also include an amount to cover direct expenses.

**GCG HOURLY SERVICE RATES**

Managing Principal	\$320/Hour
Senior Principal	310/Hour
Principal	270/Hour
Vice President	250/Hour
Senior Associate	235/Hour
Associate	220/Hour
Analyst	200/Hour
Research Assistant	90/Hour



September 14, 2020

Mr. Tim Raney  
Raney Planning & Management, Inc.  
1501 Sports Dr, Suite A  
Sacramento, CA 95834

Dear Tim,

On behalf of Goodwin Consulting Group (GCG), I am pleased to provide you with our proposal to update the City of Wheatland development impact fees. As you know, GCG has prepared numerous comprehensive development impact fee studies in the Central Valley and throughout the State.

GCG is well-experienced in developing and updating impact fee programs that have withstood scrutiny from the building industry and development community. In addition, GCG has been hired many times to conduct critical reviews of fee programs, which provides us with a keen understanding of the most typical weak points in a nexus study.

I appreciate your review of our Statement of Qualifications previously, and now of the attached proposal. If you have any questions regarding our proposal, or if you need additional information, please do not hesitate to call me. I look forward to hearing back from you.

Sincerely yours,

Dave Freudenberger  
Senior Principal and Founding Partner

## ***PROPOSED SCOPE OF SERVICES***

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The City of Wheatland (City) adopted its development impact fees in February 2007 based on the analysis and recommendations contained in the nexus study entitled *Development Impact Fee Calculations and Nexus Report*. In April 2008, the Wastewater Treatment fees and Sewer Collection fees were updated. At this time, the City is requesting that all of its development impact fees be updated to reflect changing General Plan land use assumptions and capital facilities requirements. Goodwin Consulting Group (GCG) will update the City's development impact fee nexus study to ensure that the impact fees being levied by the City are in compliance with the nexus requirements of Assembly Bill 1600 (Government Code Section 66000 et. seq.). Updated development impact fees will be calculated for the following City facilities:

- Law Enforcement
- Fire Suppression
- Circulation (Streets, Signals, and Bridges)
- Storm Drainage Collection
- Water Source, Storage, and Distribution
- Sanitary Sewer Collection
- Wastewater Treatment
- General Facilities
- Public Use (Community Center)
- Park Land (and Open Space)

Pursuant to the specifications set forth in AB 1600, the final report provided by GCG will achieve the following objectives:

1. Identify the purpose of the fees being levied in the City.
2. Identify the use to which the fees will be put.
3. Determine that there is a reasonable relationship between the fees' use and the type of development on which the fees will be imposed.
4. Determine how there is a reasonable relationship between the need for the public facilities and the type of development projects on which the fees will be imposed.

Following is a summary of the tasks to be provided to ensure compliance with the requirements set forth above.

**Task 1. Kick-Off Meeting**

GCG will meet with City staff to discuss the scope of services, obtain the City's master plans and capital improvement plans, discuss facility standards and existing surpluses or deficits in facilities, and generally coordinate the work effort and schedule. GCG will also review the existing fee study with City staff to discuss various nexus methodologies, assumptions, approaches, land use categories, and considerations to make the fee study more consistent with the City's goals and policies. Based on this discussion, GCG will determine if changes in approach, methodology, and/or analysis are warranted. GCG will also identify other information that will be needed from the City, such as a summary of fee amounts that have already been collected based on the existing fee program, facilities included in the fee program that have been constructed in past years, and identification of fee credits or reimbursements that have been committed to developers that have built facilities included within the fee program.

**Task 2. Data Collection and Review**

***A. Planning and Land Use***

GCG will coordinate with City staff to gather data about existing land uses within the City, the appropriate growth horizon for the fee update, and projections of future residential and non-residential growth in the City. GCG will evaluate development assumptions used in the City's General Plan update and how they may be used in the fee update. GCG will also work with City staff to confirm the land use categories for which impact fees will be calculated and if any additional categories need to be included based on expected future development in the City; this determination will start with a discussion of the categories used in the existing fee program.

***B. Review of Updated Master Plans and Technical Studies***

GCG will coordinate with City staff to identify facilities that have already been developed pursuant to the existing fee program and to confirm facility service standards to be applied to new development. GCG will review all the master plans and technical and planning studies prepared in association with facilities included in the fee program and will collect all relevant planning and construction documents available from the City.

One of the important aspects of a fee program is that the facilities be properly matched to the development horizon. In other words, if the roads are sized to serve the City through buildout of the General Plan, then the costs of the roads must be allocated to all future development in the City at buildout of the General Plan. Using a different development horizon will result in fees that may result in insufficient fee revenue to fund the costs.

GCG will also review the service standards in the General Plan, such as park acres per 1,000 residents and police officers per 1,000 residents, and compare these standards to existing service standards in the City. If the service levels differ from those in the General Plan, GCG will discuss with City staff which standard is appropriate to use in the fee study.

**Task 3. Update Cost Estimates**

It is GCG's understanding that City staff or its engineering consultants will update the infrastructure facilities and costs, which may include applying annual inflation rates based on an engineering construction cost index. GCG can provide the City with assistance in developing cost estimates for non-backbone infrastructure facilities such as park development costs or general government facilities and vehicle cost estimates based on our accumulated industry experience in this area.

**Task 4. Fee Calculation and Analysis**

Once the list of capital improvements and the corresponding cost estimates have been identified, GCG will allocate costs based on application of the following steps:

- Identify an appropriate cost allocation factor (e.g., trip generation, gallons per day, storm runoff, persons served) for each type of facility and determine the appropriate equivalent dwelling unit (EDU) factors for each land use category.
- Perform a cost allocation for each of the facilities and improvements and calculate the required impact fee per EDU.
- Multiply the EDU factors assigned to each land use category by the fee per EDU to determine the fee for each type of land use.

This cost allocation methodology will consider any distinction between geographic areas that may warrant a separate fee zone. An allocation between existing and future development will also be considered for facilities that will benefit all development in the City; this will be discussed with City staff and consultants to ensure agreement from all parties. In addition, the residential vs. non-residential cost allocation will be evaluated both in terms of City-defined goals and the requirements of the impact fee law. Finally, a reasonable methodology will be incorporated into the fee program to apply an annual cost inflation escalator.

GCG will also work with City staff to apply current fee balances to specific facilities and to determine whether alternate funding sources exist for any facilities included in the fee program. Based on this analysis, GCG will calculate an updated impact fee for each facility that will be in compliance with AB 1600 nexus requirements. GCG will also provide the City with a fee comparison survey of impact fees of similar-sized cities in the region so that staff can determine if the draft fees are competitive with those in surrounding cities.

**Task 5. Draft Impact Fee Study**

GCG will summarize the impact fee calculations in a fee study that will: (i) outline the nexus findings associated with calculation of the fees; (ii) provide information regarding the facilities and costs included in the calculation and the application of other funding sources, if any; (iii) identify the projections for future development that were used as a basis in calculating the fees; and (iv) identify any existing deficiencies and ensure that the cost of the facilities needed to eliminate the deficiency is not included in the fee calculation. The report will identify the cost allocation methodology used to determine the fees and discuss the accounting, reporting, and administrative procedures that are required pursuant to the Mitigation Fee Act. The report will also discuss options for the City if it chooses to charge fees at less than the full justified amount. In this case, predetermined facilities with a low priority would be removed from the fee funding program.

GCG will provide the City with an administrative draft report for review, a revised public review draft report for public distribution, and a final report if changes are requested by the City Council.

**Task 6. Outreach**

During the process of developing revised cost estimates and calculating updated fees, GCG will meet with City staff to review assumptions, discuss findings, and consider alternatives. Once the

draft fee study has been completed and City staff's comments have been incorporated, GCG will meet with representatives of the development community and other stakeholders to review and discuss the fee study, if requested by the City. If applicable, after meeting with builders, developers, and other stakeholders, there will be additional discussion with City staff to determine if changes will be made to the draft report before it is presented to the City Council.

**Task 7. Final Impact Fee Study and Presentation**

After incorporating changes that may result after meetings included in the prior task, GCG will produce a final impact fee report and present the study to the City Council. GCG will prepare a Power Point presentation summarizing the key assumptions and conclusions of the study.

## ***PROPOSED BUDGET AND SCHEDULE***

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In association with the scope of services set forth above, GCG proposes a fee of \$40,000, which includes expenses as outlined below. This budget represents the maximum amount not to be exceeded. Additional consulting services beyond those included in the scope of services may be provided within the maximum budget if total hourly billings are less than the budget maximum. Alternatively, if the work plan can be completed for less than the maximum budget, only the hours actually expended will be billed. Services will be billed on a time and materials basis using the hourly rates set forth in the table below.

### **Expenses**

GCG shall be reimbursed for all direct costs such as travel mileage, data purchases, and overnight delivery.

### **Billing Structure**

GCG shall submit monthly invoices to the City providing details of services rendered and expenses incurred. Out-of-scope services that are requested by the client will be billed at the hourly rates listed in the table below. Meetings in excess of the four (4) included in this scope of work will also be billed at the hourly rates below.

#### **GCG HOURLY SERVICE RATES**

Managing Principal	\$320/Hour
Senior Principal	310/Hour
Principal	270/Hour
Vice President	250/Hour
Senior Associate	235/Hour
Associate	220/Hour
Analyst	200/Hour
Research Assistant	90/Hour

### **Schedule**

An initial draft of the impact fee analysis tables will be provided approximately 60 days after a contract with the City is executed and GCG has received all requested data and documents.