



# EAST PALO ALTO CITY COUNCIL REGULAR SESSION **AMENDED** AGENDA

Tuesday, March 4, 2025, 6:30 PM  
EPA Government Center  
2415 University Avenue, First Floor  
East Palo Alto, CA 94303

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## NOTICE

This meeting will be held virtually and in-person at the Council Chambers located on 2415 University Ave, First Floor East Palo Alto, CA 94303. The virtual portion of this City Council meeting will be conducted in accordance with City of East Palo Alto Resolution adopted pursuant to Assembly Bill 361.

The public may participate in the City Council Meeting via Zoom Meeting or by attending in-person in the Council Chambers at 2415 University Ave, First Floor East Palo Alto, CA 94303. Community members may provide comments by emailing [cityclerk@cityofepa.org](mailto:cityclerk@cityofepa.org), submitting a speaker card at the meeting, or using the **RAISE HAND** feature when the Mayor or City Clerk call for public comment. Emailed comments should include the specific agenda item on which you are commenting.

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1. **CALL TO ORDER AND ROLL CALL**

2. **APPROVAL OF THE AGENDA**

3. **APPROVAL OF CONSENT CALENDAR**

3.1 **Women's History and Culture Month Proclamation**

**Recommendation:** Accept the proclamation.

**Gov't Code § 84308:** Not applicable

3.2 **Ramadan Proclamation**

**Recommendation:**

Present the proclamation.

3.3 **Honoring American Red Cross Month for March 2025**

**Recommendation:**

Present the proclamation.

3.4 **City Council Meeting Minutes**

**Recommendation:**

Adopt the February 18, 2025, City Council Meeting Minutes.

4. **CLOSED SESSION**

5. **PUBLIC COMMENT**

6. **INFORMATIONAL REPORTS**

6.1 **Westside Area Plan**

**Recommendation:** Receive an informational report from staff concerning the Westside Area Plan and provide direction to staff for potential updates if changes are needed.

7. **SPECIAL PRESENTATIONS**

8. **PUBLIC HEARINGS**

8.1 **Adoption of Nexus Study Update and Updated Parks and Trails, Public Facilities, Transportation, Storm Drainage, and Water Capacity**

## Development Impact Fees

**Recommendation:** 1, Conduct a public hearing to receive public comments. 2, Consider the Development Impact Fee Financial Feasibility Analysis and Development Impact Fee Comparison Survey. 3, Adopt a resolution:

- a, Finding that the proposed action is exempt from the requirements of the California Environmental Quality Act (“CEQA”) because it is not a project as it has no potential to result in direct or reasonably foreseeable indirect physical change to the environment (14 Cal. Code Regs. §15378(a)); the project does not create a funding mechanism or other government fiscal activity that involve any commitment to a specific project which may result in a potentially significant physical impact on the environment (14 Cal. Code Regs. §15378(b) (4) ); and projects that may receive funding with development impact fees would be required to comply with applicable project-specific CEQA requirements at the time such projects are proposed for implementation
- b. Approving the *Development Impact Fee Nexus Study Update* and updated parks and trails, public facilities, transportation, storm drainage, and water capacity development impact fees; and
- c. Directing staff to file a Notice of Exemption for the updated development impact fees.

## 9. POLICY AND ACTION

### 9.1 East Palo Alto Library Project Update

**Recommendation:**

Adopt a resolution:

1. Approving the updated concept design and space programming for the new East Palo Alto Library;
2. Approving the 1 parking space per 400 square-foot floor area ratio; and
3. Finding that the proposed City Council action:
  1. is consistent with an existing Specific Plan (Ravenswood Business District Specific Plan);
  2. constitutes a subsequent action related to the Library Site which is adequately covered in an adopted Mitigated Negative Declaration (MND), certified by the City Council on March 21, 2023 (Resolution No. 2023-26);
  3. is not a separate “project” for California Environmental Quality Act (CEQA) purposes but is a subsequent approval related to a previously approved project (CEQA Guidelines § 15378(c));
  4. does not require further environmental review for the reasons set forth in CEQA Guideline Sections 15162; and
  5. Requires no further analysis or environmental documentation; and
  6. Constitutes merely a step in furtherance of the original project for which environmental review was performed and no supplemental or subsequent CEQA has been triggered, and no further

environmental review is required.

## **9.2 Recruitment and Retention Incentive Plan for the Recruitment of Hard-to-Fill positions**

### **Recommendation:**

1. Approving a resolution establishing the City of East Palo Alto's Recruitment Incentive Plan with sign-on bonuses as presented; and
2. Approving Side Letters that amend the Memorandum of Understanding between the City of East Palo Alto and the Police Officers' Association (POA), the Memorandum of Understanding between the City of East Palo Alto and the Management Employee's Association (MEA), and the Memorandum of Understanding between the City of East Palo Alto and the Service Employee.
3. Finding that the proposed action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(4), because it is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

## **9.3 Authorization to Execute Soil Stockpiling Agreement with Sycamore Real Estate Investment LLC and P. Kavanagh Construction Co.**

### **Recommendation:**

By resolution:

1. Authorize the City Manager to negotiate and execute a Soil Stockpiling Agreement with Sycamore Real Estate Investment LLC and P. Kavanagh Construction Co.
2. Direct the City Manager to deposit all funds from the agreement into a segregated account dedicated to parks and recreation projects, unless otherwise directed by the City Council to allocate funds toward other uses; and
3. Find the action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(4), in that it is a fiscal activity that will not result in direct or indirect changes in the environment.

## **10. COUNCIL REPORTS**

## **11. ADJOURNMENT**

## Upcoming meetings:

March 8, 2025	9:00 a.m.	Strategic Planning Retreat
March 18, 2025	6:30 p.m.	Regular Meeting
March 25, 2025	6:00 p.m.	Study Session

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*This AGENDA is posted in accordance with Government Code Section 54954.2(a)*

***This Notice of Availability of Public Records: All public records relating to an open session item which are not exempt from disclosure pursuant to the Public Records Act, that are distributed to the majority of the City Council will be available for public inspection at the City Clerk's Office, 2415 University Avenue, East Palo Alto, CA at the same time that the public records are distributed or made available to the City Council. Such documents may also be available on the East Palo Alto website [www.cityofepa.org](http://www.cityofepa.org) subject to staff's ability to post the documents prior to the meeting. Information may be obtained by calling (650) 853-3100.***

*The City Council meeting packet may be reviewed by the public in the Library or the City Clerk's Office. Any writings or documents pertaining to an open session item provided to a majority of the City Council less than 72 hours prior to the meeting, shall be made available for public inspection at the front counter at the City Clerk's Office, 2ND Floor, City Hall, 2415 University Avenue, East Palo Alto, California 94303 during normal business hours. Information distributed to the Council at the Council meeting becomes part of the public record. A copy of written material, pictures, etc. should be provided for this purpose.*

*East Palo Alto City Council Chambers is ADA compliant. Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office at (650) 853-3127 no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof.*

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This Notice is posted in accordance with Government Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the City website. Under penalty of perjury, this Agenda was posted to the public at least 72 hours prior to the meeting.

POSTED: February 21, 2025

AMENDED: February 28, 2025

ATTEST:

***James Colin***

City Clerk



# EAST PALO ALTO CITY COUNCIL STAFF REPORT

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**DATE:** March 4, 2025  
**TO:** Honorable Mayor and Members of the City Council  
**VIA:** Melvin E. Gaines, City Manager  
**BY:** James Colin, City Clerk  
**SUBJECT:** Women's History and Culture Month Proclamation

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## **Recommendation**

Present the proclamation for Women's History and Culture Month.

## **Attachments**

1. Proclamation

# PROCLAMATION OF THE CITY OF EAST PALO ALTO DESIGNATING MARCH 2025 AS “WOMEN’S HISTORY AND CULTURE” MONTH

WHEREAS, women in East Palo Alto, in California, the nation and the world and from all backgrounds have contributed to the growth and development of communities; and

WHEREAS, women have played and continue to play critical roles in the cultural, economic, political religious, educational, and social life of our city and the nation; and

WHEREAS, women of all ages, from children to seniors, continue to face structural barriers of discrimination in all spheres of life based on gender; and

WHEREAS, women constitute a significant portion of the labor force working inside and outside of the home, still earning less than men for similar work; and

WHEREAS, women have in recent years, again raised issues of humanitarian concern in the world such as sexual harassment and abuse, domestic violence, and sexual and economic exploitation; and

WHEREAS, women have been instrumental in the development of all social movements for justice and the betterment of society and continue to be so; and

WHEREAS, girls and young women in East Palo Alto deserve and need support to grow into strong and dedicated members of our community; and

WHEREAS, organizations such as Girls to Women, Boys and Girls Club of the Peninsula, Youth United for Community Action, and many others are working to empower young women.

NOW THEREFORE, BE IT RESOLVED that I, Martha Barragan, Mayor of the City of East Palo Alto, and on behalf of the City Council, hereby proclaim March 2025 as Women’s History and Culture Month in the City of East Palo Alto and call upon all residents to support and observe and rededicate themselves to creating a community where the rights and the contributions of all women are acknowledged and respected.

Dated: March 4, 2025



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Martha Barragan, Mayor



# **EAST PALO ALTO CITY COUNCIL STAFF REPORT**

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**DATE:** March 4, 2025  
**TO:** Honorable Mayor and Members of the City Council  
**VIA:** Melvin E. Gaines, City Manager  
**BY:** James Colin, City Clerk  
**SUBJECT:** Ramadan Proclamation

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**Recommendation**

Present the proclamation.

**Attachments**

1. Proclamation

# PROCLAMATION OF THE CITY OF EAST PALO ALTO CELEBRATING THE HOLY MONTH OF RAMADAN

WHEREAS, the City of East Palo Alto boasts a small but growing Muslim community representing a wide array of backgrounds, from African Americans, to Arabs, and other nationalities, as well as those who grew up Muslim, as well as converts; and

WHEREAS, the Bay Area has one of the highest concentrations of Muslims in the nation with approximately 250,000 residents from ethnically diverse backgrounds; and

WHEREAS, Muslims represent small business owners, city staff and officials, civic leaders, and residents that have enriched East Palo Alto's historically multiethnic and culturally rich communities; and

WHEREAS, Ramadan, represents one of the five pillars of Islam, and is, above all, a time of introspection and spiritual reinvigoration for the entire umma, that is the global Arabic community; and

WHEREAS, civic responsibility and social justice is at the heart of Islamic teachings, as evidenced by the words of the Prophet Muhammad (peace be upon him), "Allah will aid a servant (of His) so long as the servant aids his brother," one whose spirit of mutual aid and care for one another mirrors our own city's ethos; and

WHEREAS, during the month of Ramadan, Muslims are obliged to partake in acts of alms-giving (or zika in the Arabic), thus underscoring the religion's alignment with the values of our beloved city, and

WHEREAS, the observance of the Muslim holy month of Ramadan commences at dusk in March, and continues for one lunar month, from sunrise to sunset each day.

NOW, THEREFORE, the City Council of the City of East Palo Alto, celebrates Ramadan and expresses its deepest appreciation to the Muslims of East Palo Alto and throughout the Bay Area and world on this occasion; and we affirm our commitment to ensuring that our City values remain welcoming and compassionate to all peoples and that we pursue policies that respect the dignity and rights of all working people, regardless of race, religion, immigration status, or country of origin, and the City Council urges the people of East Palo Alto to join in celebrating the holy month of Ramadan and taking this month to honor the Muslim community and reflect on the health and wellbeing of family, friends, and fellow citizens.

Dated: March 4, 2025



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Martha Barragan, Mayor



# **EAST PALO ALTO CITY COUNCIL STAFF REPORT**

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**DATE:** March 4, 2025  
**TO:** Honorable Mayor and Members of the City Council  
**VIA:** Melvin E. Gaines, City Manager  
**BY:** James Colin, City Clerk  
**SUBJECT:** Honoring American Red Cross Month for March 2025

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## **Recommendation**

Present the proclamation.

## **Attachments**

1. Proclamation

# PROCLAMATION OF THE CITY COUNCIL OF EAST PALO ALTO HONORING AMERICAN RED CROSS MONTH FOR MARCH 2025

WHEREAS, American Red Cross Month is a special time to recognize and thank our Everyday Heroes—those who reach out to help people in need; and

WHEREAS, American Red Cross heroes help disaster victims recover. They give blood to help hospital patients. They brighten the day of injured service members. They step forward to help someone having a heart attack; and

WHEREAS, we would like to remember our heroes here in the City of East Palo Alto who help people in need. They work tirelessly to assist their neighbors when they need a helping hand; and

WHEREAS, across the country and around the world, the American Red Cross responded to disaster. When an injured service member ended up in a hospital far from home, the American Red Cross offered comfort. When a hospital patient needed blood, American Red Cross blood donors helped them. When a lifeguard saved a drowning child or when someone stepped up to help a heart attack victim, the American Red Cross was there; and

WHEREAS, we dedicate the month of March to all those who support the American Red Cross mission to prevent and alleviate human suffering in the face of emergencies. Our community depends on the American Red Cross, which relies on donations of time, money and blood to fulfill its humanitarian mission.

NOW THEREFORE, BE IT RESOLVED, that I, Martha Barragan, Mayor of the City of East Palo Alto, and on behalf of the City Council, hereby proclaim March 2025 as American Red Cross Month and encourage the community to be compassionate courageous and maintain the sense of civic duty that is aligned with the mission of the American Red Cross to prevent and relieve human suffering.



Dated: March 4, 2025

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Martha Barragan, Mayor



# **EAST PALO ALTO CITY COUNCIL STAFF REPORT**

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**DATE:** March 4, 2025  
**TO:** Honorable Mayor and Members of the City Council  
**VIA:** Melvin E. Gaines, City Manager  
**BY:** James Colin, City Clerk  
**SUBJECT:** City Council Meeting Minutes

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## **Recommendation**

Adopt the February 18, 2025, City Council Meeting Minutes.

## **Attachments**

1. February 18, 2025, City Council Meeting Minutes.



# EAST PALO ALTO CITY COUNCIL REGULAR SESSION AGENDA

Tuesday, February 18, 2025, 6:30 PM  
EPA Government Center  
2415 University Avenue, First Floor  
East Palo Alto, CA 94303

## 1. CALL TO ORDER AND ROLL CALL

The City Council meeting was called to order by Mayor Barragan at 6:30 PM.

Attendee Name	Title	Status	Arrived
Martha Barragan	Mayor	Present	
Mark Dinan	Vice Mayor	Present	
Carlos Romero	Councilmember	Present	
Ruben Abrica	Councilmember	Present	
Webster Lincoln	Councilmember	Present	

## 2. APPROVAL OF THE AGENDA

Mayor Barragan, at the request of Councilmember Lincoln, proposed to move item 13.2, "Commission Appointments", to follow item 11 "Adjournment of the EPASD Board meeting" on the agenda.

A motion to approve the agenda with those amendments was made by Vice Mayor Dinan, seconded by Councilmember Romero, and passed unanimously.

## 3. APPROVAL OF CONSENT CALENDAR

Councilmember Lincoln pulled item 3.5 Authorize the Purchase of Vehicles for the Building Services Division for discussion.

A motion to approve the consent calendar was made by Councilmember Romero, seconded by Vice Mayor Dinan, and passed unanimously.

### 3.1 Award the Pulgas Avenue Mini-Roundabouts Project (ST-12)

### 3.2 Budget Ordinance Amendments - Second Reading and Adoption

### 3.3 FY 2024-25 Second Quarter Treasury Report

### 3.4 Purchasing Ordinance

Councilmember Lincoln asked clarifying questions regarding electric vehicle alternatives.

A motion to approve item 3.4 was made by Councilmember Lincoln, seconded by Councilmember Romero, and passed unanimously.

**3.5 Authorize the Purchase of Vehicles for the Building Services Division**

**3.6 City Council Meeting Minutes**

**4. CLOSED SESSION**

**5. PUBLIC COMMENT**

The following speakers provided public comments:

- Uhila Makoni
- Gail Wilkerson

**6. SPECIAL PRESENTATIONS**

**6.1 CAFE Action Plan on Aging**

Maurice Baker, Community Services Manager, introduced the presenters Ann O'Brien Keighran and Cynthia Nakayama, from the Center for Age Friendly Excellence.

**7. INFORMATIONAL REPORTS**

**7.1 Capital Improvement Project informational presentation**

Humza Javed, Public Works Director provided a presentation regarding the Capital Improvement Projects.

The following speakers provided public comments:

- Gail Wilkerson
- Jeff Poetsch

**8. ADJOURN CITY COUNCIL REGULAR MEETING TO THE EAST PALO ALTO SANITARY DISTRICT BOARD MEETING**

Board President, Mark Dinan started the meeting at 8:16 pm. All board members were present.

**9. APPROVAL OF EPASD BOARD MEETING CONSENT CALENDAR**

**9.1 Adopting a Resolution Terminating an Emergency**

A motion to approve item 9.1 was made by Councilmember Romero, seconded by Mayor Barragan, and passed unanimously.

**10. EPASD POLICY AND ACTION**

**10.1 East Palo Alto Sanitary District Advisory Committee Appointments**

City Clerk, James Colin, presented the item and facilitated the appointment of the EPASD Advisory Committee.

After interviewing the applicants, the Council made the following appointment:

<b>Name</b>	<b>Seat</b>	<b>Initial Term</b>	<b>Subsequent Term</b>
Gail Wilkerson	City of East Palo Alto Alternate Seat	2025-28	2028-2031

Gail Wilkerson forfeited her seat on the Public Works and Transportation Commission to accept her seat on the EPASD Advisory Committee.

**11. ADJOURN EAST PALO ALTO SANITARY DISTRICT BOARD MEETING AND RECONVENE CITY COUNCIL REGULAR MEETING**

**12. PUBLIC HEARINGS**

**12.1 Development Code Text Amendment (ZTA24-001) to amend various Chapters and Sections of Title 18 (Development Code) of the East Palo Alto Municipal Code**

Salifu Yakubu, Senior Planner and Elena Lee, Planning Manager provided a presentation on the Development Code Text Amendments.

A motion to approve item 12.1 was made by Councilmember Romero, seconded by Vice Mayor Dinan, and passed unanimously with Councilmember Abrica being absent.

**13. POLICY AND ACTION**

**13.1 Mid-year Budget Amendment for Fiscal Year 2024-25**

Tomohito Oku, Finance Director, provided a presentation on the Mid-year budget.

A motion to approve item 9.1 was made by Councilmember Lincoln, seconded by Vice Mayor Dinan, and passed unanimously with Councilmember Abrica being absent.

**13.2 Commission and Committee Appointments**

City Clerk, James Colin, presented the item and facilitated the appointments of the Public Works and Transportation Commission.

<b>Name</b>	<b>Seat</b>	<b>Term</b>
Ravneel Chaudhary	Seat 6	5/31/2024-5/31/2027
Neal Ramaswamy	Seat 8 (alternate)	5/31/2024-5/31/2027

A motion to appoint the alternate was made by Councilmember Romero and Seconded by Vice Mayor Dinan and passed with Councilmember Lincoln abstaining to vote.

**14. COUNCIL REPORTS**

Mark Dinan wished Councilmember Lincoln a Happy Birthday.

Councilmember Lincoln reported that he attended an event honoring Sharifa Wilson at the Black Legends Awards ceremony.

**15. ADJOURNMENT**

The meeting was adjourned at 10:47 pm



# **EAST PALO ALTO CITY COUNCIL STAFF REPORT**

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**DATE:** March 4, 2025

**TO:** Honorable Mayor and Members of the City Council

**VIA:** Melvin E. Gaines, City Manager

**BY:** Elena Lee, Planning Manager  
Amy Chen, Community & Economic Development Director

**SUBJECT:** Westside Area Plan

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## **Recommendation**

Receive an informational report from staff concerning the Westside Area Plan and provide direction to staff on any potential updates.

## **Alignment with City Council Strategic Plan**

This recommendation is primarily aligned with:

Priority: Promote Housing, Economic and Workforce Development

## **Background**

The Westside of East Palo Alto is a distinct part of the city, geographically separated by Highway 101 and the San Francisquito Creek from the rest of East Palo Alto and neighboring Palo Alto. It also shares a border with Menlo Park. This 107-acre area contains nearly 77% of East Palo Alto's multifamily housing, including numerous rent-controlled units. Additionally, the area features the University Circle commercial office development and the Four Seasons Hotel.

Recognizing the Westside's unique challenges – such as limited public services and open space, infrastructure deficiencies, and the abundance of rental units registered under the City's Rent Stabilization and Just Cause Eviction Ordinance, the City adopted the Westside Area Plan<sup>1</sup>

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<sup>1</sup> Chapter 11: Westside Area Plan:

[https://www.cityofepa.org/sites/default/files/fileattachments/community\\_amp\\_economic\\_development/page/2731/epa\\_gp\\_chapter\\_11\\_westside\\_area\\_plan\\_final\\_201807271719056868.pdf](https://www.cityofepa.org/sites/default/files/fileattachments/community_amp_economic_development/page/2731/epa_gp_chapter_11_westside_area_plan_final_201807271719056868.pdf)

## INFORMATIONAL Report 6.1

(WSAP) in 2016 as a chapter (Attachment 1) of the Vista 2035 General Plan Update (General Plan).<sup>2</sup> Developed with substantial public input, the WSAP includes the following 14 guiding principles:

1. Avoid displacement;
2. Ensure a community-driven process;
3. [Include] on-going community participation in decision-making processes;
4. Provide affordable rental housing;
5. Maintain diversity;
6. Promote diverse ownership;
7. Improve housing equality;
8. Maintain a diversity of housing types and unit sizes;
9. Connect the Westside to the City and the region;
10. Address infrastructure deficiencies;
11. Ensure that new development pays for its fair share [for development impacts];
12. Provide diverse parks, community facilities and shopping for all residents;
13. Improve public safety; and
14. Beautify the Westside.

### Woodland Park Development and Amendments

On November 1, 2022,<sup>3</sup> the City Council approved a General Plan Amendment to introduce the Neighborhood Center Overlay (NCO) land use designation. They also conducted a first reading of the Development Code Amendment to establish the corresponding NCO zoning designation and a Development Agreement for the Woodland Park Euclid Improvement project (Woodland Park) proposed by Sand Hill Partners within the Westside area. Two weeks later, on November 15, 2022,<sup>4</sup> the Council formally approved the Development Code amendment and the Woodland Park Development Agreement.<sup>5</sup> Previously, the subject properties had land use designations of High Density Residential and Urban Residential. The City Council also approved a Relocation Plan for the project.

The Woodland Park project involved demolishing 161 residential units, 160 of which are rent controlled, to construct three new buildings ranging from 5 to 13 stories. The development would include a total of 605 units, creating 444 net new units. The project included a lobby, a 625-space parking garage, community spaces, neighborhood serving retail, and a park area. The project had to comply with the WSAP before receiving approval.

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<sup>2</sup> <https://www.cityofepa.org/planning/page/vista-2035-general-plan>

<sup>3</sup> Approval staff report for General Plan Amendment, Design Review and first reading approval of Development Code Amendment and Development Agreement:

<https://eastpaloalto.iqm2.com/Citizens/FileOpen.aspx?Type=1&ID=1810&Inline=True>.

<sup>4</sup> Second Reading for Development Code Amendment and Development Agreement staff report:

<https://eastpaloalto.iqm2.com/Citizens/FileOpen.aspx?Type=1&ID=1818&Inline=True>

<sup>5</sup> Woodland Park Euclid Improvements - General Plan Amendment, Zoning Amendment and Design Review Application Page: <https://www.cityofepa.org/planning/project/woodland-park-euclid-improvements-general-plan-amendment-zoning-amendment-and> Woodland Park Euclid Improvements - General Plan Amendment, Zoning Amendment and Design Review Application Webpage: <https://www.cityofepa.org/planning/project/woodland-park-euclid-improvements-general-plan-amendment-zoning-amendment-and>

## INFORMATIONAL Report 6.1

On July 16, 2024, the City Council approved a Design Review permit amendment,<sup>6</sup> modifying building heights, adjusting building and parking configurations, and reducing the total residential unit count. Instead of the originally planned three different buildings, the revised project included two 8-story buildings with 550 units (389 net new units). The revised project retained the park, community spaces and retail areas. The Development Agreement and Relocation Plan remained unchanged.

Following this approval, the applicant submitted another design review amendment<sup>7</sup> on November 25, 2024, proposing an underground parking addition for one of the two buildings. All other project aspects remained unchanged. Staff is currently reviewing this application, which is subject to an administrative (staff level) approval. The City Council may call up this decision, and it can also be appealed to the Planning Commission.

### **City Council Concerns and Westside Area Plan Review**

During the discussion of the initial project in 2022, the City Council expressed concerns that increasing density might conflict with the General Plan and WSAP, particularly its emphasis on community engagement. Additionally, Council members worried that approving this project might prompt other property owners to request similar increases, potentially undermining the WSAP's community planning process. As a result, the Council directed staff to assess whether amendments were necessary to manage future density increase requests. In 2023, the Westside Area Plan Follow Up was added to the City Council priority list.

### **Analysis**

#### **Neighborhood Center Overlay (NCO) Designation**

The Woodland Park project's General Plan and Development Code amendments introduced the NCO designation, allowing for increased density and building heights beyond the standards permitted under High Density Residential (HDR) and Urban Residential (UR) land use and Development Code designations. Attachment 2 provides the complete definition for the designations. The NCO designation applies on a project-by-project basis, requiring City Council approval and compliance with WSAP policies. The designation encourages mid-rise and high-rise residential development with ground floor neighborhood-serving commercial and community spaces. Key development standards include:

- **Allowed Land Uses:** High-density multifamily housing (e.g., rental apartments, condominiums, single-room occupancy (SRO) units) with neighborhood serving retail and community facilities.
- **Density/Intensity:** 86.1–175 units per acre (250–525 residents per acre).
- **Height Limit:** Up to 13 stories and 135 feet.
- **Parking Design:** Structures must not face primary public streets.

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<sup>6</sup> Woodland Park Euclid Improvements Design Review Amendment Application Webpage:  
<https://www.cityofepa.org/planning/project/woodland-park-euclid-improvements-design-review-amendment>

<sup>7</sup> <https://www.cityofepa.org/planning/project/woodland-park-euclid-improvements-second-amendment>

### **Refinements to Increase Context-Sensitivity**

To ensure future projects align with the community's vision, staff made several modifications to the applicant's proposed amendments within the General Plan and Development Code Amendments to reduce intensity and increase context-sensitivity for future development applications seeking the NCO Zone. These changes include:

- Reducing the maximum residential density from 180 dwelling units per acre to 175 dwelling units per acre;
- Increasing the rear setback to 10 feet;
- Adding an increased rear setback requirement of 20 feet for projects with rear yards adjacent to residential low density or medium density zones;
- Reducing the height limit as measured in stories from 15 to 13 stories; and

Ensuring future projects comply with off-street parking requirements or request reductions through a Transportation Demand Management (TDM) Plan or a Conditional Use Permit.

The NCO designation could increase intensity of development on the project site compared to existing regulations. However, the Westside Area Plan sets forth a process and requirements for projects that request increases in intensity above existing general plan and zoning regulations and would require City Council approval, which includes a robust public process and a legislative change, for every application. In addition, new applications would also be subject to the City's preliminary review and public outreach requirements in chapter 18.82.030<sup>8</sup> of the Development Code before formal applications should be filed. This will require multiple community meetings and public hearings with the City Council and Planning Commission.

### **Westside Area Plan Consistency with Policies for Increasing Intensity**

The WSAP provides prerequisites and a process for new developments that increase intensity over allowed zoning in Policies 5.2-5.5. The WSAP includes 11 goals and 83 policies intended to support the guiding principles and to guide development. The 11 goals are as follows:

- W-1 Prevent displacement and preserve affordable housing;
- W-2 An equitable, inclusive and constructive Community Process;
- W-3 Create new, high-quality affordable housing;
- W-4 A diverse land use mix to create a livable Westside;
- W-5 The long-term development of new buildings and a new street network to improve housing opportunities and improve quality of life;
- W-6 Building and site design to support a beautiful Westside and a high-quality pedestrian environment;
- W-7 Beautification and greening of the Westside;
- W-8 Accessible and well-maintained parks and public facilities;
- W-9 Better streets and transportation options for residents and visitors;

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## INFORMATIONAL Report 6.1

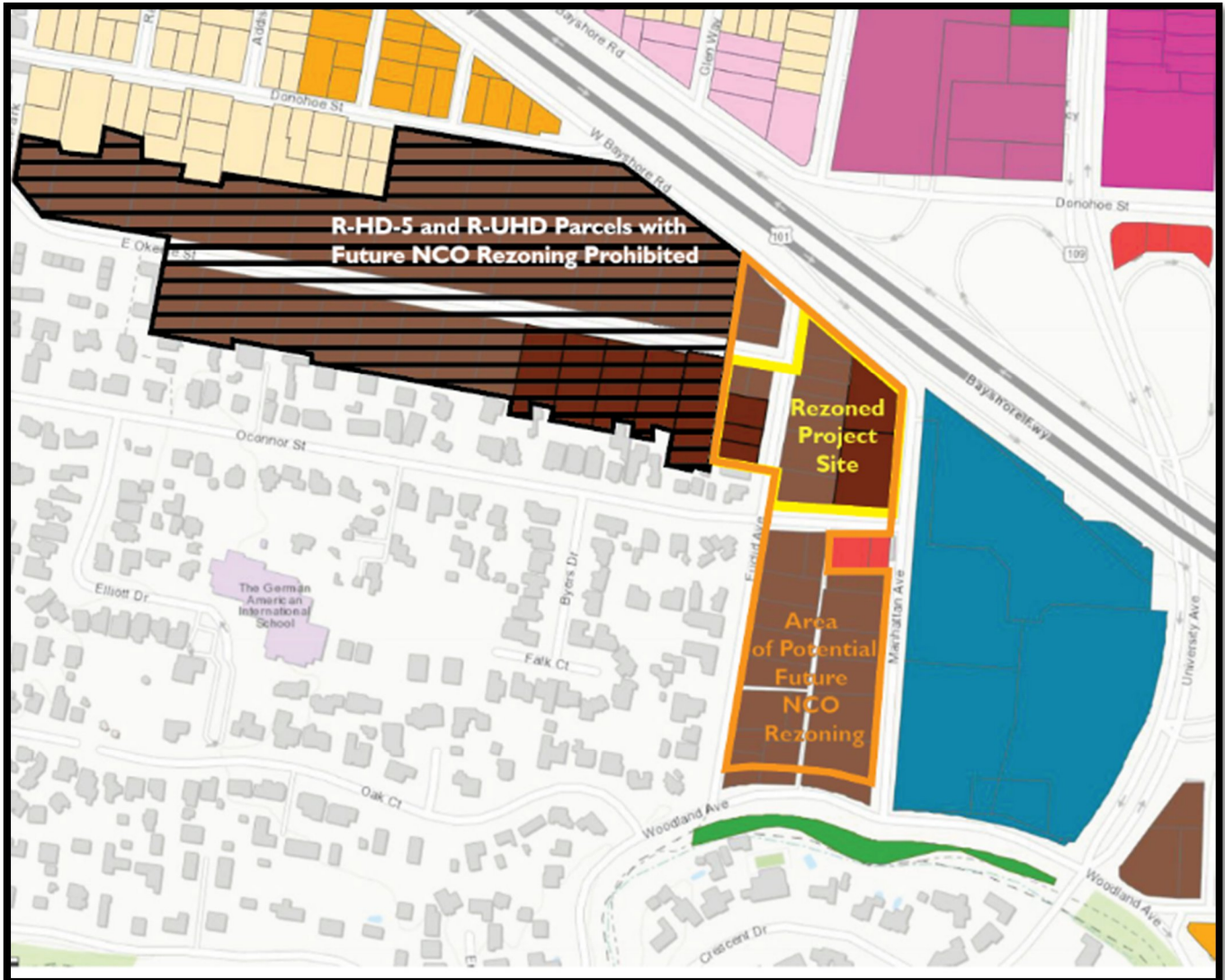
- W-10 An adequate and efficiently administered parking supply on the Westside; and
- W-11 Safe, sufficient, and well-maintained infrastructure and services.

The Westside Area Plan Goal W-5 and other policies acknowledge that increases in height and intensity over existing zoning may be considered for future developments if certain requirements are met. Goal W-5 states, “The long-term development of new buildings and a new street network to improve housing opportunities and improve quality of life. Intent: To establish a long-term process and framework for future development, ***to establish clear prerequisites and parameters for any future increases in density and height on the Westside over what is currently allowed in zoning***, and to ensure that the community’s vision for the Westside is maintained in the long term” (emphasis added).

The only mechanism by which a project can increase residential density and associated development standards over existing zoning is to request the Council’s approval of the NCO designation or the amendment of an existing zoning district or rezoning to a higher intensity zoning district, (unless the applicant uses the State Density Bonus, which limits the City’s discretion and allows a certain number of concessions over development standards depending upon the amount of affordable housing provided). The Westside Area Plan does not set forth a maximum allowable increase in intensity over existing zoning and only sets maximum height for certain areas of the Westside (Westside Area Plan Policy 5.14), which do not include the project site. The required City Council approval process would ensure that a project would have to demonstrate compliance with the General Plan, and the WSAP in particular, including robust public engagement.

### **Modifications to Limit Applicability of NCO Overlay**

Per Council’s direction, the Development Code Amendment that established the Neighborhood Center Overlay district had been revised to narrow the properties that could apply for a rezoning to the NCO zone in the future. The revised area includes the area within the Westside Area Plan zoned R-HD-5 or R-UHD bounded by West Bayshore Road, Euclid Avenue, O’Connor Street, and Manhattan Avenue and those parcels within the Westside Area Plan with frontage on Euclid Avenue, as shown below.



Area of Potential Future NCO Rezoning

This approved prohibition protects the lower density neighborhoods in the northern part of the West Side Area. The West Side Area Plan provides a process to consider increased intensity. The process is legislative and at the discretion of the City Council. The reduction in areas where this NCO overlay can apply also reduces applicability to the southern portion of the plan area where the allowed density is already higher (not low density).

Any potential changes to implement the NCO overlay would be subject to City Council approval. So, any such changes would be subject to a thorough review and public process, including the preliminary review process and robust public outreach as required by the Municipal Code. It is not likely that any projects that could intensify development within the reduced area will happen immediately because a thorough process would be required.

Some of the key WSAP policies that are required before any increase in intensity can be approved include the following:

### WSAP Policy 5.2

WSAP Policy 5.2 states development projects proposing increases in intensity “must undergo a rigorous public process and meet the anti-displacement goals of this Chapter and all other applicable City policies and regulations.”

### WSAP Policy 5.3

WSAP Policy 5.3 sets forth the following prerequisites:

- Prevents displacement of existing residents.
- Provides for some income-restricted affordable housing.
- Preserves “right of return” for existing residents.
- Maintains the City’s rent stabilization program.
- Includes new parks and open spaces or contributes to the provision of new parks and open spaces if it is a single project.
- Improves streets and infrastructure or contributes to the provision of new streets and infrastructure if it is a single project.
- Improves the fiscal health of the City.
- Beautifies the area.

### WSAP Policy 5.4

WSAP Policy 5.4 Sets forth the development process for increased intensities as follows:

- For areas on the north side of University Avenue or south of Clark Avenue to San Francisquito Creek, proposed increases in intensity over the currently allowed zoning intensity may be approved on a project-by-project basis. These projects shall be required to meet the policies set forth in this document in addition to any other city policies and shall be required to enter into a development agreement and/or pay fees to support the development of new parks, open spaces, infrastructure and community facilities necessary to support a higher level of development on the Westside.



## INFORMATIONAL Report 6.1

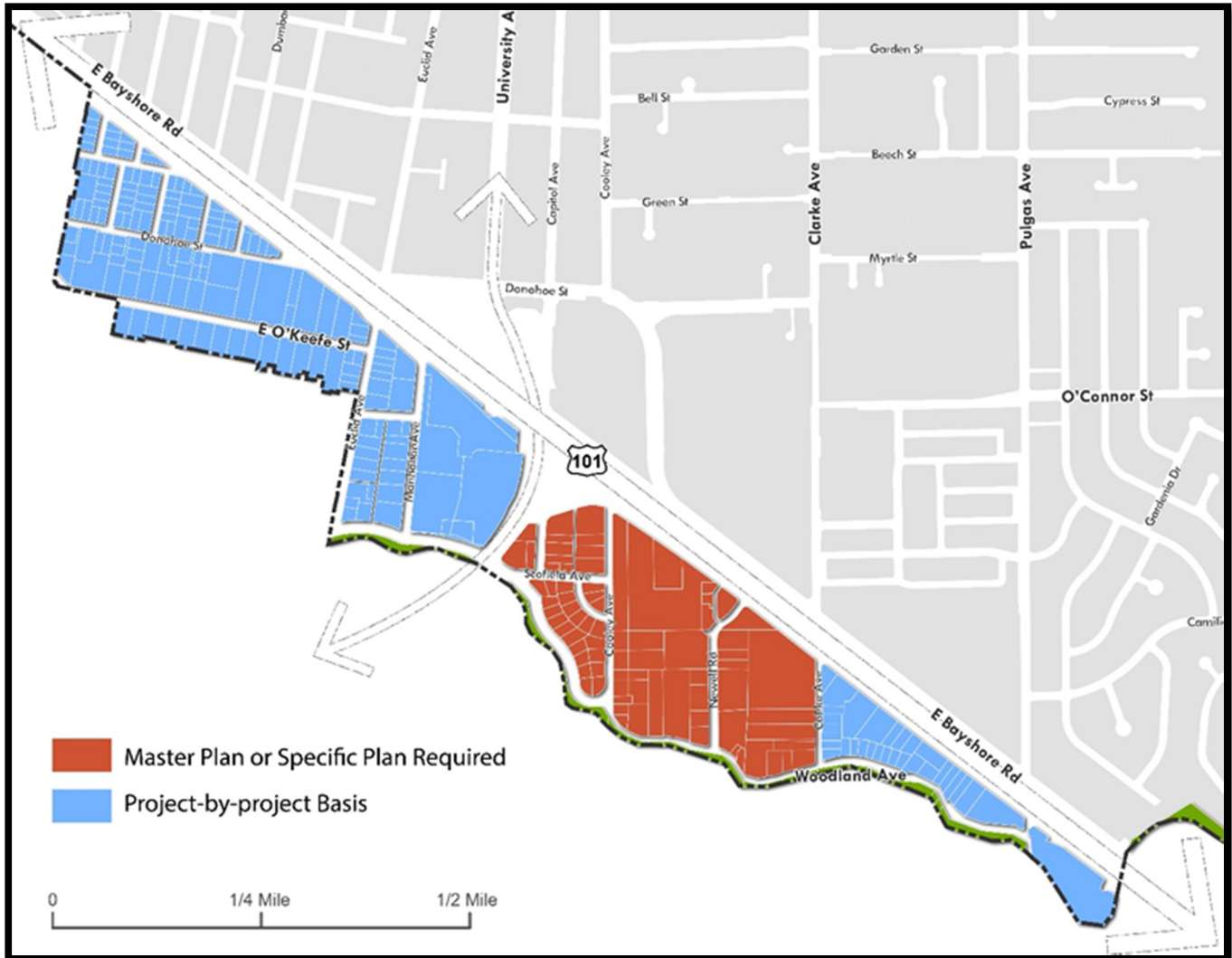


Figure 11-12 from WSAP

### WSAP Policy 5.5

WSAP Policy 5.5 sets forth the following application requirements for projects requesting increased intensities.

- Proposed general plan and zoning for each parcel, including uses, building heights, and maximum development intensities.
- Development program that identifies parcel-by-parcel information on existing and proposed uses.
- Affordable housing plan, including the amount, levels of affordability and location of each housing unit.
- Relocation plan for existing tenants that incorporates policies 5.10, 5.11, and 5.12 of this chapter.
- Fiscal impact analysis for the City



## **INFORMATIONAL Report 6.1**

- Description and analysis of how the City’s rent stabilization program may be continued in the future, including sources of funding.
- Park and open space plan, including the number, acres and locations of new parks and open spaces (or contribution to parks and open spaces for single-parcel projects).  
A water supply assessment with guarantees of long-term water availability and new sources of water.
- Infrastructure improvement plan, including detailed information on all infrastructure and utilities (or contribution to Westside infrastructure improvements).
- Street network plan, including proposed street cross sections.
- Community Impact Report that details how the project applicant will satisfy the prerequisites for increases in intensity or change in use in Policy 5.3.
- Community involvement strategy.
- Any additional information and level of detail requested by the City to ensure that the proposed project meets the vision of the community.

### **Conclusion/Next Steps**

Staff seeks City Council confirmation that the revised NCO Development Code amendment appropriately limits the overlay’s applicability while maintaining compliance with WSAP policies. The requirement that each NCO rezoning request receive City Council approval ensures continued adherence to the WSAP’s planning process. If the Council determines that additional policy amendments are necessary, staff requests direction to prepare those changes for a future meeting.

### **Fiscal Impact**

There is no fiscal impact for this item.

### **Public Notice**

The public was provided notice by making the agenda and report available on the City’s website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

### **Environmental**

The action being considered does not constitute a “Project” within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(5), in that it is a government administrative activity that will not result in direct or indirect changes in the environment.

### **Government Code § 84308**

**Applicability of Levine Act:** No, as the proposed action entails no entitlement.

**Analysis of Levine Act Compliance:** Not applicable.

**Attachments**

1. Westside Area Plan Chapter 11
2. NCO General Plan Land Use Designation Definition and Development Code Chapter

# 11. Westside Area Plan

## Overview

The Westside Area Plan provides a detailed vision, guiding principles, and goals and policies for the Westside area of East Palo Alto. It focuses on tools to preserve a stock of affordable housing and improve the quality of life for residents. Topics addressed include land use and development policies, transportation, infrastructure and housing. This is a stand-alone chapter of the General Plan and the goals and policies located herein shall be consistent with the General Plan’s other Elements.

## Statutory Requirements

This chapter is not required by law, but addresses an area within the City’s boundaries that is facing critical issues including development pressure, loss of affordable housing and infrastructure deficiencies.

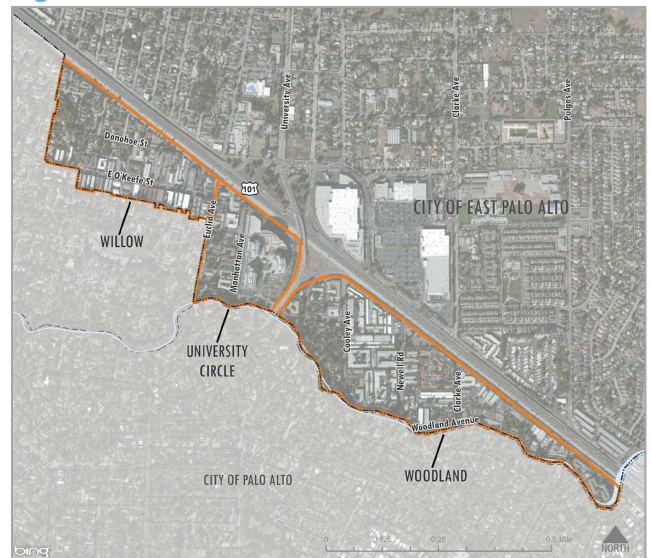
## Issues and Opportunities

### Geography

The Westside area – shown in Figure 11-1 – is bounded by Highway 101 to the northeast, San Francisquito Creek and the City of Palo Alto to the southwest, and a meandering boundary line shared with Menlo Park to the west and northwest. The Westside area encompasses 107 acres, approximately eight percent of the City’s land area but has a relatively high population density, containing 22 percent of East Palo Alto’s residents. The

neighborhood is geographically isolated from the rest of East Palo Alto by Highway 101 and from Palo Alto by San Francisquito Creek. Highway 101 is a significant barrier for Westside residents as it is dangerous to cross for pedestrians who would wish to access services, retail, and community facilities elsewhere in the City. In fact, there are only six ways in or out of Westside: West Bayshore Road to the southeast, Newell Bridge across the San Francisquito Creek to Palo Alto, University Avenue through the center of the neighborhood, Woodland Ave to the southwest, and either East O’Keefe Street or Donohoe Street into the east side of the Willows neighborhood.

Figure 11-1: Westside Area

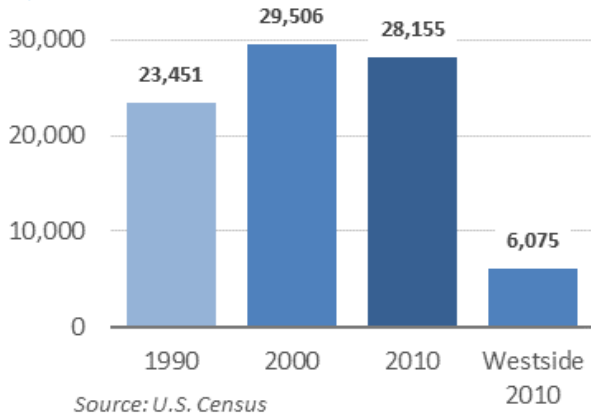


## Population/Demographics

With 6,075 residents, the Westside contains approximately one fifth of East Palo Alto’s total population (see Figure 11-2), even though it is less than one-tenth of the City’s land area. This greater population density is due to the multi-family housing stock abundantly present throughout the neighborhood.

Overall, the Westside has a similar proportion of children as the rest of East Palo Alto, but noticeably fewer residents over 65, indicating a younger population. The ethnic composition of the Westside is essentially the same as the rest of the City, with Hispanic/Latino residents comprising the majority (68%). However, there are substantially more Spanish speakers who are not fluent in English residing in the Westside (48%) compared with 34 percent of the City as a whole. The only other noticeable difference is the greater rate of White residents (12%) compared to six-percent citywide. In fact, there are several block groups in the Westside where White residents are the majority ethnic group, something that occurs nowhere else in the City, underscoring the West side’s ethnic diversity.

Figure 11-2: Population Count



Generally, Westside residents have a greater level of educational attainment, with 37 percent of residents holding an Associates or Bachelor’s degree compared to only 20 percent citywide. Presumably this contrast is due to the presence of students attending nearby Stanford University. However, in the Westside, there are noticeably fewer 15 to 17 and 18 to 19-year-olds enrolled in school compared to the rest of the City. Incomes on the Westside are slightly lower than average City

incomes (\$46,401 vs. \$50,137), owing mainly to a smaller proportion of residents earning more than \$75,000.

## Existing Land Use

The Westside has a different mix of uses than the rest of the City. As is shown in Table 11-1 and Figure 11-3, land use on the Westside is predominantly residential, accounting for 81 percent of the land area. Of the residential land uses, multi-family housing accounts for the greatest land area by far at 48 percent of the total land area in the Westside. Comparatively, the vast majority of the City’s multi-family uses are located on the Westside. There are several pockets of extremely dense development, upwards of 60 and 70 dwelling units per acre (du/a), shown in Figure 11-4. These areas are along the southern part of East O’Keefe Street, and within the superblock bounded by Cooley Ave, Newell Rd, Woodland Ave, and West Bayshore Rd. In addition to residential uses, there are eight acres of office use and one acre of commercial use on the Westside. These uses are found in the University Circle area and include the Four Seasons Hotel and three 6-story office buildings. There are also a few retail uses spread throughout the Westside including two convenience stores, a laundromat and a small number of restaurants. There are approximately six acres of vacant land in the Westside.

Table 11-1: Existing Land Use - Westside		
Land Use	Acres	%
Residential - Mobile Home	1	1%
Residential - Single Family	14	13%
Residential – Duplex/Fourplex	21	19%
Residential - 5 or more Units	51	48%
Commercial	1	1%
Lodging	3	3%
Office	8	8%
Institutional or Public Facilities	1	1%
Light Industrial	1	1%
Baylands and Marshland	0	0%
Parks & Recreation Facilities	0	0%
Parking	0	0%
Vacant Land	6	6%
<b>Total</b>	<b>107</b>	<b>100%</b>

Source: East Palo Alto GIS, 2013

Figure 11-3: Existing Land Use

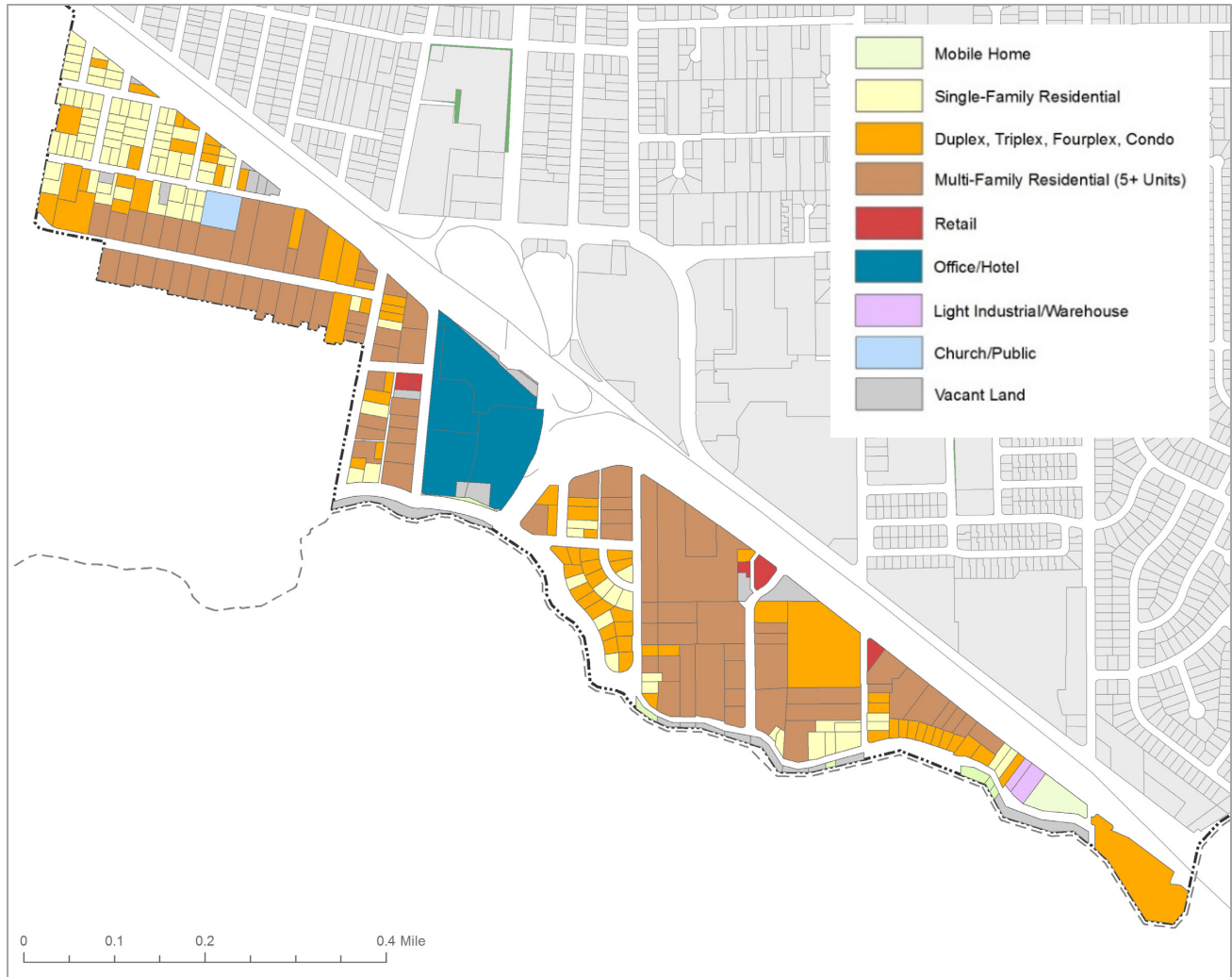


Figure 11-4: Existing Density (du/acre)

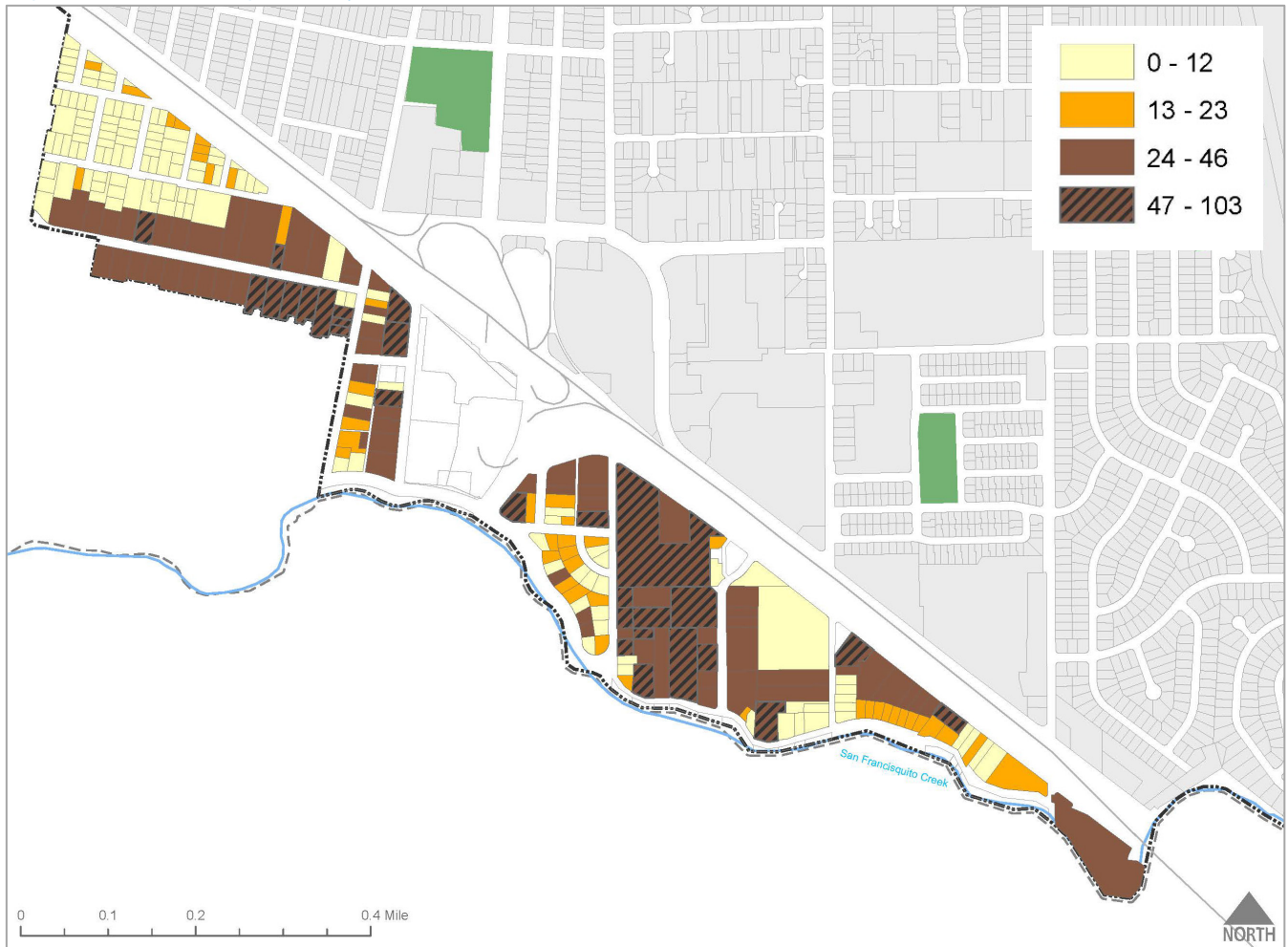
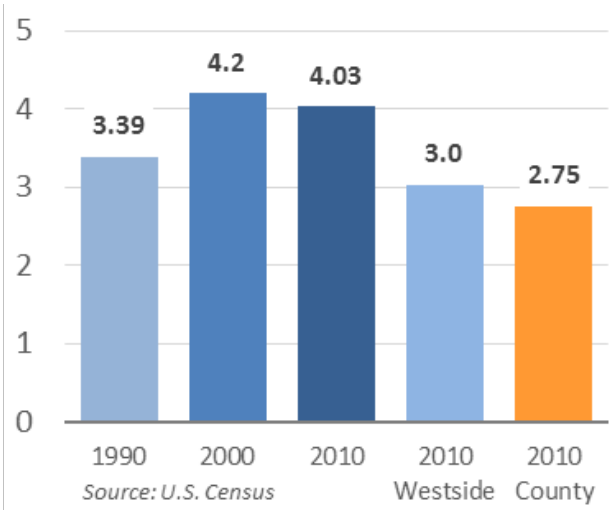


Figure 11-5: Household Size



### Housing

The Westside contains the majority of the City’s multifamily housing stock (77%) and rent-controlled rental housing (95%), much of which is owned by one owner. Currently, there are 2,700 total residential units on the Westside, and 2,185 of those are subject to the Rent Stabilization Ordinance (80% of units are rent-controlled).

Household size on the Westside is noticeably smaller than in the rest of the City (three members per household instead of the City average of four, as shown in Figure 11-5). Westside has a higher proportion of one-person households than the rest of East Palo Alto; single person households account for 37 percent of the Westside, compared to 21 percent Citywide.

Compared to the rest of East Palo Alto and the surrounding area, the Westside has a much larger proportion of housing structures with five or more units. Three-quarters (74%) of the buildings on the Westside have 5 or more units compared to only 35 percent Citywide (see Table 11-2).

Over 80 percent of units are renter-occupied, significantly higher than the average in the rest of East Palo Alto as well as the surrounding cities. This illustrates how the Westside’s multi-family rental housing serves a unique niche in the local market.

Table 11-2: Building Units by Type

	City	Westside
S.F. Detached	4,190 (54%)	378 (14%)
S.F. Attached	388 (5%)	189 (7%)
2, 3, or 4 units	310 (4%)	135 (5%)
5 or more units	2,715 (35%)	1,998 (74%)
5 to 9 units	233 (3%)	297 (11%)
10 to 19 units	465 (6%)	216 (8%)
20 + units	2,017 (26%)	1,485 (55%)
Mobile Home	155 (2%)	10 (0%)
<b>Total</b>	<b>7,759</b>	<b>2,700</b>

As far as the characteristics of the rent-controlled units, they are mostly affordable to low income [50%-80% of Average Median Income (AMI), or \$50,601 to \$80,960] and very low income families (30-50% AMI, or \$30,361 to \$50,600).

Figure 11-6 illustrates the full break-down of unit prices. At present, market rents are also affordable to low income households. Turnover is extremely high with 75% living in their unit for 4 years or less, which, during extremely tight housing markets, blunts the effectiveness of rent control. Also, as shown in Figure 11-8, the majority of buildings were built prior to 1970, with most buildings dating back to the 1960s or even 1950s. Only a handful of modern condominium developments were built in the last twenty years.

Figure 11-6: Affordability of Units

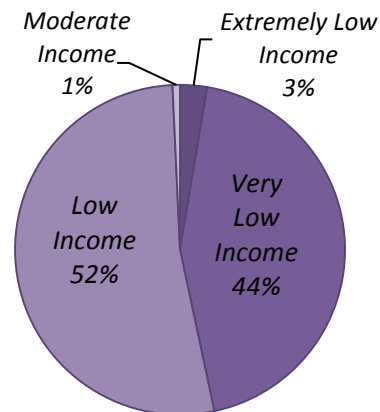
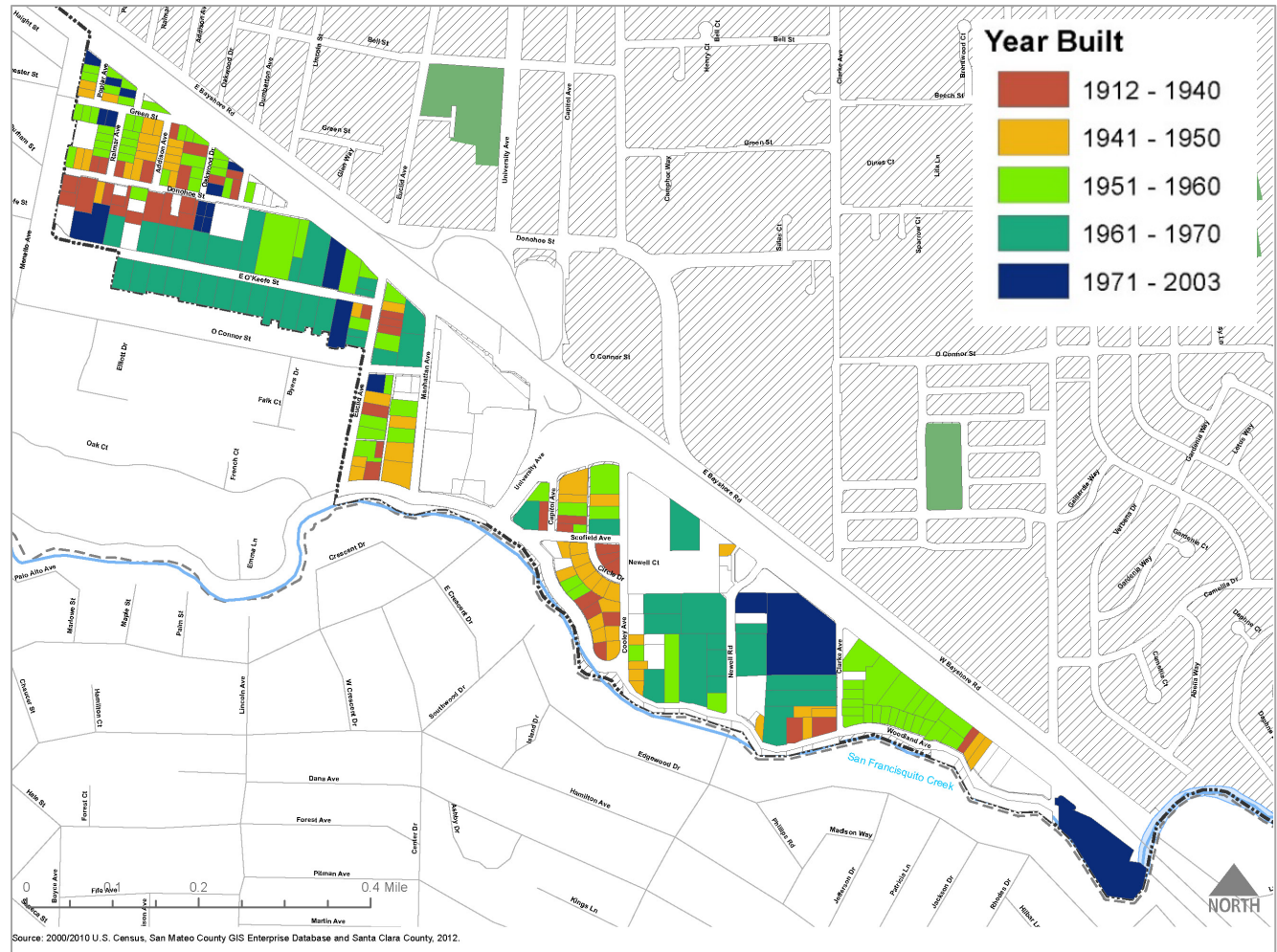


Figure 11-7: Existing Units



Figure 11-8: Age of Structures



**Table 11-3: Number of Overcrowded Units**

		Citywide	Westside
<b>Owner</b>	Not overcrowded	79%	99%
	Overcrowded	19%	0%
	Extremely overcrowded	2%	0%
<b>Renter</b>	Not overcrowded	60%	58%
	Overcrowded	18%	19%
	Extremely overcrowded	22%	23%

One-fifth of the rental units on the Westside are “extremely overcrowded,” meaning that there are more than 1.5 people per room. However, owner-occupied units on the Westside show little to no overcrowding, reflecting a significant disparity in lifestyles.

### Urban Design and Character

The character of the Westside is generally dominated by the University Circle hotel and office development. The five to six story office project is one of the most prominent developments along the Highway 101 corridor and creates a strong gateway to Palo Alto while it hides the neighborhood behind it. South of University Avenue, the neighborhood is also hidden from public view behind an unassuming three-story apartment complex and the dense growth along the San Francisquito Creek. While being very prominent on Highway 101 and University Avenue, the University Circle project is set back from the street and buffered by landscaping and surface parking along both University and Woodland Avenues. The setback nature of the project and the walls created by the structured parking on Manhattan Avenue sets the project off from the rest of the Westside neighborhoods.

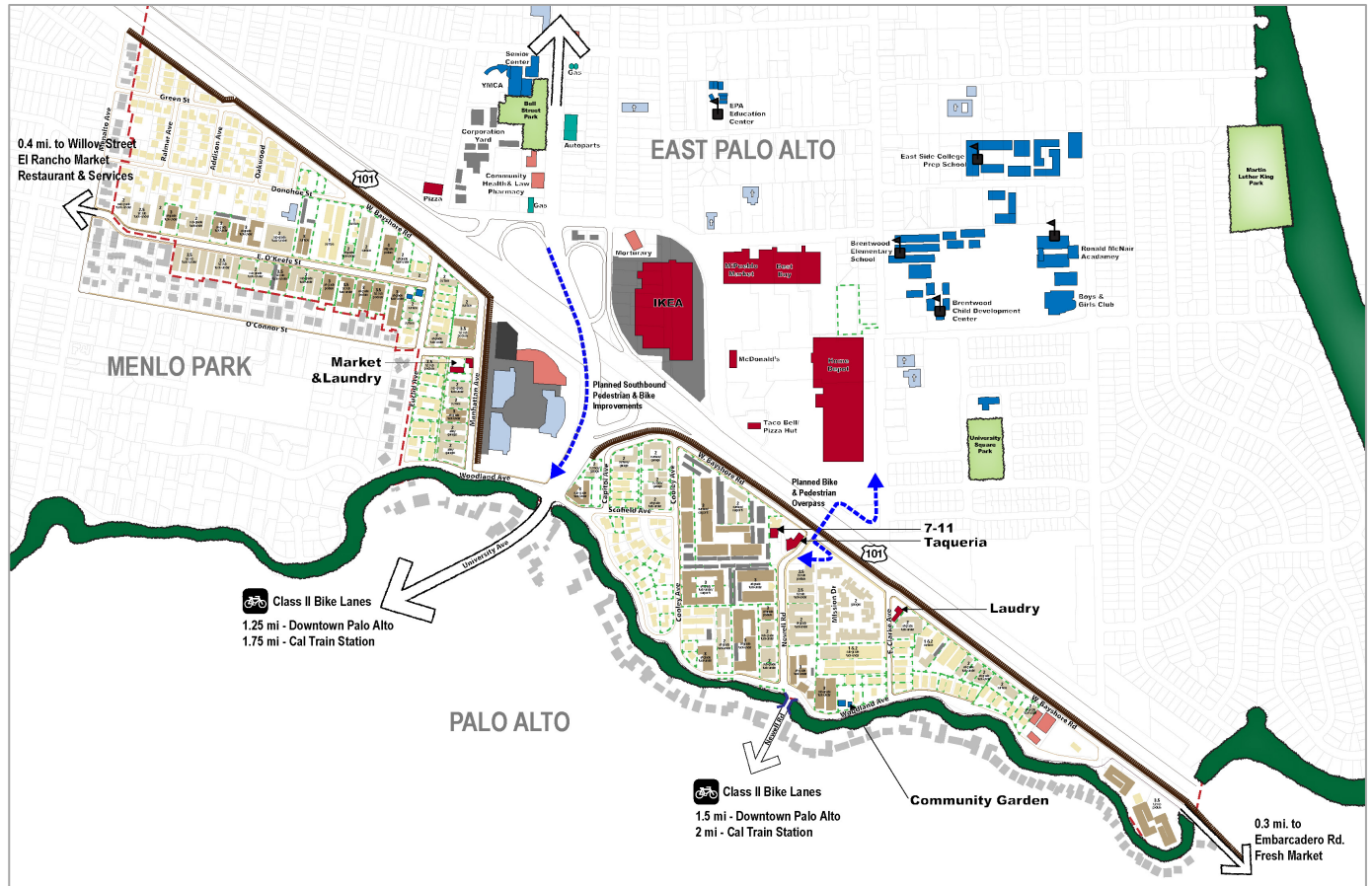
The structure and development pattern of the Westside, outside of the recently developed University Circle project, follows historical patterns of development. Prior to the construction of Highway 101, in the Willows neighborhood, O’Connor Street and Donohoe Street fed into the retail core on University Avenue with single-family homes with orchards behind. During a period of strong growth, O’Keefe Street was added between the streets, and multi-family housing was developed in the open orchard land. The area south of University Avenue had much less development prior to the construction of Highway 101 and consisted of houses located along Woodland Avenue and mainly agricultural lands east of

Cooley Avenue. When the agricultural lands developed, Newell Road was extended to Bayshore Road. West of Cooley Avenue, a single-family neighborhood extended to the previous alignment of University Avenue. This neighborhood largely remains intact and has been in-filled with a variety of multi-family apartment projects.

### Building Form and Character

The building types on the Westside are a mix of single-family homes and two-to-three story multi-family buildings, as shown on Figure 11-9. The multi-family buildings are a mix of tuck-under or podium buildings with a few larger developments that have surface parking, and a few alley-loaded developments. The quality of the buildings and associated open space varies greatly from property to property. Some projects have considerable open space, including shared courtyards and pools. Some projects have virtually no common open space but include larger covered private balconies. Recently, much of the multi-family housing has been cosmetically updated with fresh paint.

Figure 11-9: Existing Building Types



## Transportation

The Westside neighborhood has the highest percentage of zero vehicle households in the City. While nine percent of all households in East Palo Alto have no access to a vehicle, approximately 13 percent of households in the Westside are zero vehicle households. Significantly higher densities in the Westside may hide this trait and suggest that the area is primed for enhanced transit service and improved bicycle and pedestrian facilities.

### Roadways and Streetscapes

University Avenue is the only arterial providing direct access to the Westside, connecting to the rest of East Palo Alto to the east of Highway 101, and to the city of Palo Alto to the west. West Bayshore and Woodland Avenue are classified as collector streets, while all other streets in the neighborhood are local streets.

Traffic passing through the neighborhood is highest on University Avenue, which serves an estimated volume of over 25,000 vehicles per day, consistent with typical volumes for many four-lane arterial streets. Woodland Avenue provides direct access to the Westside from University Avenue, and carries relatively low volumes of traffic, serving an estimated volume of up to about

11,000 vehicles per day on the short segment immediately north of University Avenue.

The streets in the Westside north of University Avenue were developed under prior County jurisdiction and have not been completed with curbs/gutters and sidewalks. East O’Keefe Street is wider and has sidewalks on each side of the street, and lighting and power lines as well. Manhattan Avenue and Euclid Avenue are fully constructed, with curb, gutter and sidewalks. Donohoe Street, Green Street, and other side streets (Oakwood Drive, Addison Avenue and Ralmar Avenue) have not been fully improved with new curbs and gutters; they have only limited sidewalks and street lighting. Similarly West Bayshore Road has not been improved with sidewalks, curb and gutter.

The variation of the streetscapes changes the character of the neighborhood, making for a more rural, or less urban, quality to the neighborhood. Though this could be considered positive, it makes walking and biking potentially more dangerous, with narrow driveways, and no designated pedestrian or bike pathways. The lack of lighting also makes security and safety a greater issue as lighting of the street is limited by tree coverage that blocks light from taller posts.

Figure 11-10: Sidewalk Gaps



South of University Avenue, a similar pattern exists. West Bayshore Road, Cooley Avenue, Newell Road and Clarke Avenue are mostly improved, while Woodland Avenue along the creek, and Scofield and Capitol Avenues are not completed. The condition of the streets has the single greatest effect on the “feel” or character of the area.

**Bicycle and Pedestrian Network**

As shown in Figure 11-10, the majority of streets in the Westside lack sidewalks. However, various pedestrian improvement plans exist, the largest of which is the planned bicycle/pedestrian crossing of Highway 101, which will likely be built at West Bayshore and Newell Road. On the Westside, the City is also considering construction of a bicycle/pedestrian cut-through path connecting Capitol Avenue to University Avenue via a small Caltrans right-of-way.

The intersection of University Ave and Woodland Street has been particularly hazardous for pedestrians, with over 30 collisions recorded during the five-year span between 2007 and 2011.

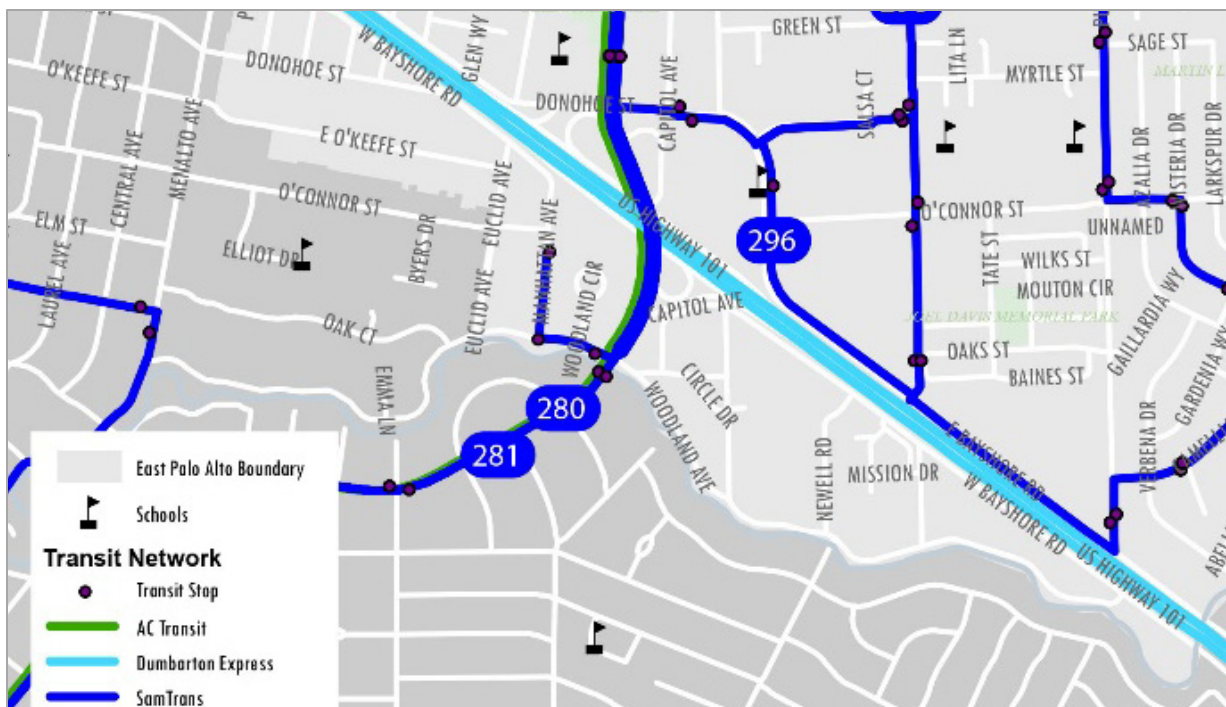
As with pedestrian infrastructure, bicycle infrastructure is also severely limited in the Westside. The only existing

routes are Class II lanes on University Avenue (which end abruptly at the Highway 101 overpass), though planned new infrastructure includes the striping of lanes on the University Avenue overpass and the new bicycle/pedestrian crossing of Highway 101. The lack of bicycle facilities within and adjacent to the Westside likely contributes to the rate of bicycle collisions in the city, particularly at the University Avenue and Donohoe Street intersection just outside of the Westside, where the Class II bicycle lanes along University end as they cross Highway 101. Completing the bicycle lanes over Highway 101 will help provide a connected, safe bicycle route along the whole length of University Avenue.

**Transit Network**

There is a lack of public transit throughout the Westside. Service by SamTrans and AC Transit is limited to lines along University Avenue (see Figure 11-11), which may require a lengthy walk for residents at the southernmost and northernmost ends of the Westside neighborhood. In addition, access to transit stops on University Avenue is not ideal, due to gaps in the sidewalk network and barriers to direct pedestrian access approaching University Avenue.

Figure 11-11: Transit Network



## Parking

### On-Street Parking Supply

There is a significant parking problem on the Westside. This is as a result of limited on-street parking and relatively few off-street parking spaces given the number of dwelling units or the number of residents (on average) per unit. Parking is most difficult to find in the evenings and this problem is exacerbated by ordinances in both Palo Alto and Menlo Park restricting overnight parking to residents living in their respective neighborhoods.

On-street parking is permitted in the residential portions of the Westside. However, on-street parking is not permitted adjacent to the commercial development on street segments adjacent to newer commercial development to the north of University Avenue, accessed from Woodland Avenue.

Some of the on-street parking supply is informal, in unmarked spaces and along streets that lack curbs. Table 11-4 describes the current Westside supply of on-street parking by type. There are an estimated 1,076 on-street parking spaces on the Westside.

<b>Table 11-4: On-Street Parking Supply in Westside Neighborhood, by Type</b>	
<b>On-Street Parking Type</b>	<b>On-street parking capacity (number of vehicles)</b>
Parallel Informal	352
Parallel Curbed	594
Perpendicular Informal	99
Perpendicular Curbed	31
<b>Total</b>	<b>1,076</b>

### On-Street Parking Demand

Based on observations, the on-street parking supply within the Westside area is mostly occupied during mid-day hours, while off-street parking supply appears to be underutilized. In addition, the unregulated nature of the on-street parking supply – which has no time limitations – contributes to the high occupancy rate and low rate of turnover.

### Off-Street Parking Supply

The off-street parking in the Westside is mostly in surface lots or the garages of apartment complexes, with an estimated supply of approximately one parking space per dwelling unit. There are approximately 2,113 registered regulated rental units on the Westside, 85 percent of which (1,790) are owned by Equity Residential. These 1,790 apartments include 1,704 off-street parking spaces, suggesting a roughly 1:1 ratio of parking spaces per unit. Using this logic, approximately 2,011 off-street spaces exist on the Westside.

### Total Westside Residential Parking Supply

Total parking supply within the residential portions of the Westside neighborhood is estimated to be approximately 3,087 spaces – thus a total parking supply of 1.5 parking spaces per dwelling unit (based on 2,113 existing dwelling units and 1,076 on-street parking spaces).

## Parks and Public Facilities

There are no public parks or community facilities in the Westside, despite the large number of residents living in the area. Westside residents typically use parks and other community in adjacent jurisdictions or travel over Highway 101 to access parks in East Palo Alto. In order to provide an average of 1.5 acres of park space per 1,000 residents, an additional nine acres of parks and open space would be required in the Westside.

## Guiding Principles

The Guiding Principles listed below summarize the vision and direction for the future of the Westside. These Guiding Principles were developed by the Westside Area Plan Advisory Committee, in coordination with the public at advisory committee meetings and Town Hall public workshops.

- 1) **Avoid displacement.** Existing renters should have the right to continue to live on the Westside. If housing is renovated, existing residents should be provided with a similar size unit, with similar amenities, at comparable rents.
- 2) **Ensure a community-driven process.** The future of the Westside should be planned by and for the community, with a focus on meeting community needs, reflecting community voices, improving quality of life for residents and building the capacity of residents to influence the decision-making process.
- 3) **On-going community participation in decision-making processes.** Community members should actively engage in decision-making processes for plans and projects throughout the community, particularly those that significantly affect the Westside such as the Newell Bridge replacement and other creek-related projects.
- 4) **Provide affordable rental housing.** One of the highest priorities for the Westside Area Plan should provide long-term affordable rental housing for East Palo Alto residents.
- 5) **Maintain diversity.** Over time, the Westside should continue to serve and enhance the lives of the diverse population that currently resides in the area.
- 6) **Promote diverse ownership.** Over time, the Westside should transition from having a single, majority property owner to ownership by a larger number of property owners. If possible, homeownership by existing Westside and East Palo Alto residents should be encouraged.
- 7) **Improve housing quality.** Rental housing on the Westside should be healthy, safe and have amenities that provide for a high quality of life for residents, including sufficient parking for existing and future residents. Rental housing should be up to code and well-maintained for the safety and comfort of its tenants.
- 8) **Maintain a diversity of housing types and unit sizes.** The Westside should have a variety of rental housing types and unit sizes that provide high-quality housing for a diversity of residents including families, young professionals, and seniors.
- 9) **Connect the Westside to the City and the region.** The Westside should be better connected – both physically and psychologically – to the rest of East Palo Alto and areas beyond. This includes transportation connections, access to shopping and jobs, enhanced visibility and representation, and a shared identity with the rest of East Palo Alto.
- 10) **Address infrastructure deficiencies.** There should be upgrades to the current infrastructure to address deficiencies on the Westside. This includes improved water quality and supply, improving flood protection from San Francisquito Creek, and upgrading existing water and sewer infrastructure.
- 11) **Ensure that new development pays its fair share.** New development on the Westside should be required to provide community benefits for Westside and East Palo Alto residents via the leveraging of the Westside’s assets for the maximum benefit of the community.
- 12) **Provide diverse parks, community facilities and shopping for all residents.** There should be a diversity of parks, public facilities, retail and services on or accessible to the Westside that serve Westside residents, including families with children, and the broader East Palo Alto community. This could include playgrounds, plazas, community centers, retail and restaurants.

- 13) **Improve public safety.** Reducing crime and promoting a safe environment throughout the Westside should be a top priority. Increased police patrolling and street lighting should be improved in areas of high crime.
- 14) **Beautify the Westside.** The physical environment of the Westside should be enhanced to become more attractive. This includes adding street trees, renovating streets to add curbs and gutters, improving the visual character of buildings, requiring high-quality design for renovation and new buildings, and adding parks and open space, including recreation opportunities along San Francisquito Creek.

## Goals and Policies

This section provides the goals and policies for the Westside of the City of East Palo Alto. The goals and policies are intended to complement the citywide goals and policies found in the Plan.

### Goal W-1. Prevent displacement and preserve affordable housing.

*Intent: To avoid displacement and preserve affordable housing by continuing to provide housing in the Westside for a diverse array of income levels and demographics, while protecting the existing supply of affordable housing and improving the quality of housing for those who live in the Westside.*

#### Policies:

- 1.1 Preservation of housing.** The City should have as a goal to avoid displacement of current residents. Maintain regulations that encourage the preservation of existing housing, including rent-controlled housing, and development of new housing that accommodates households that are diverse in size, type and level of affordability.
- 1.2 No net loss in housing.** Require there to be no net loss in the number of residential units or the number of income-restricted affordable housing units during any future reconstruction or renovation on the Westside (also see Policy 3.3).
- 1.3 Home ownership.** Encourage a mix of home ownership and rental housing on the Westside.
- 1.4 Diversity of housing types.** Encourage a diversity of housing types in the Westside such as large apartments, walk-up apartments, stacked flats, townhomes, live-work housing, fourplexes, triplexes and duplexes.
- 1.5 Diversity of unit sizes and types.** Encourage a diversity of small, medium, and large units for individuals, families, seniors, students, and other demographics to encourage a diverse and vibrant population on the Westside.

- 1.6 High-quality housing.** Ensure that the existing and new housing stock is built and maintained to a high level of quality to protect health, safety, and aesthetics on the Westside.
- 1.7 Funding for affordable housing.** Continually seek new local funding sources for publicly-supported, income-restricted affordable housing.
- 1.8 Maintain a viable Rent Control program.** Maintain a financially solvent Rent Stabilization Program even if units are removed from the program through new development.

### Goal W-2. An equitable, inclusive, and constructive Community Process.

*Intent: To ensure that the community is represented, consulted, and respected in any future planning and development process on the Westside.*

#### Policies:

- 2.1 Outreach and participation.** Ensure ongoing participation in the decision-making process for the Westside.
- 2.2 Westside Advisory Committee.** For future master planning and other long range planning process, develop an advisory committee that reflects the diversity of residents and business interests.

### Goal W-3. Create new, high-quality affordable housing.

*Intent: To increase the amount of affordable housing on the Westside and strive for a mix of housing types that meets the income levels of existing residents.*

- 3.1 Expansion of income-restricted affordable housing.** Ensure that future land use and development decisions expand the number and diversity of income-restricted affordable housing units. Prioritize the creation of permanent income-restricted affordable housing over new rent-controlled housing, to ensure long-term benefits to housing affordability.

- 3.2 Affordable housing location.** Ensure that income-restricted affordable housing is not concentrated in any single area but rather is spread throughout the Westside in a variety of building types and locations.
- 3.3 Land swap to achieve no net loss.** Allow new development to relocate housing on the Westside to other parts of the City if it results in no net loss of housing units in the City (per Policy 1.2), and if it locates new housing closer to existing public facilities and services such as parks, schools, and community centers.
- 3.4 Mix of affordability levels.** Encourage housing in the Westside to encompass a range of deeper affordability levels, including for those with moderate, low, very low, and extremely low incomes, as well as market rate housing. Strive for a maximum mix of income-restricted affordable housing for every development project and on the Westside overall that at a minimum matches the percentages of the City’s Below Market Rate Housing Program, as found in the Housing Element of the General Plan.
- 3.5 Incentives for affordable housing.** Allow increases to permitted density and height for projects that provide income-restricted affordable housing over the current requirements for inclusionary housing and/or in lieu fees.
- 3.6 Affordability for current residents.** To the greatest extent feasible, target new income-restricted affordable housing to the income levels of current residents.

### Goal W-4. A diverse land use mix to create a livable Westside.

*Intent: To maintain and enhance the residential character of the Westside while allowing neighborhood-serving retail and services to create a more livable neighborhood focused on the well-being and quality of life of residents.*

#### Policies:

- 4.1 Land use designations.** Until a future master plan or other detailed planning process occurs, maintain land use designations and zoning districts that are consistent with the zoning code or the amount of development currently constructed, whichever is greater.
- 4.2 Development within established zoning parameters.** Development applications that do not propose to increase intensity or height over the established zoning regulations may proceed within the regulations and parameters established by the zoning code.
- 4.3 Retail uses.** Allow retail uses and services in the Westside, either as the ground floor of a mixed-use residential building, or as a stand-alone neighborhood-serving retail building. Strive for new retail development to serve the needs of Westside residents or to help improve the fiscal health of the City.
- 4.4 O’Connor retail node.** Support and expand the existing small-scale retail node on O’Connor Street between Euclid Avenue and Manhattan Avenue, with a focus on uses that serve the needs of residents in surrounding neighborhoods.
- 4.5 Prohibited uses.** Prohibit retail uses with large parking lots that do not provide as their primary business the provision of groceries. Prohibit industrial and manufacturing uses, automobile service or sales, and drive-through restaurants as a single use on a lot on the Westside.
- 4.6 University Circle.** Allow the University Circle project to add development over the time horizon of the General Plan so long as it meets the vision for the Westside, is designed to integrate with the adjacent neighborhood, and provides direct and measurable benefits for the City and the residents of the Westside.
- 4.7 Code enforcement.** Work collaboratively and proactively with building owners to address code violations, particularly those that affect health,

safety, and aesthetic quality in the Westside.

### Goal W-5. The long-term development of new buildings and a new street network to improve housing opportunities and improve quality of life.

*Intent: To establish a long-term process and framework for future development, to establish clear prerequisites and parameters for any future increases in density and height on the Westside over what is currently allowed in zoning, and to ensure that the community's vision for the Westside is maintained in the long term.*

#### Policies:

**5.1 Transformation over time.** Pursue mechanisms and tools to allow increases in intensity to improve the quality of life for Westside residents.

**5.2 Development intensity or change or use.** Any development project that proposes an increase in intensity over the existing unit count and/or a change in use must undergo a rigorous public process and meet the anti-displacement goals of this Chapter and all other applicable City policies and regulations.

**5.3 Prerequisites for new development per Policy 5.2 (above).** Increases in development intensity over the currently allowed zoning intensity on the Westside must meet the criteria listed below. Specific information on each of the items shall be required as part of the development application process. The following are the prerequisites for increased development intensity:

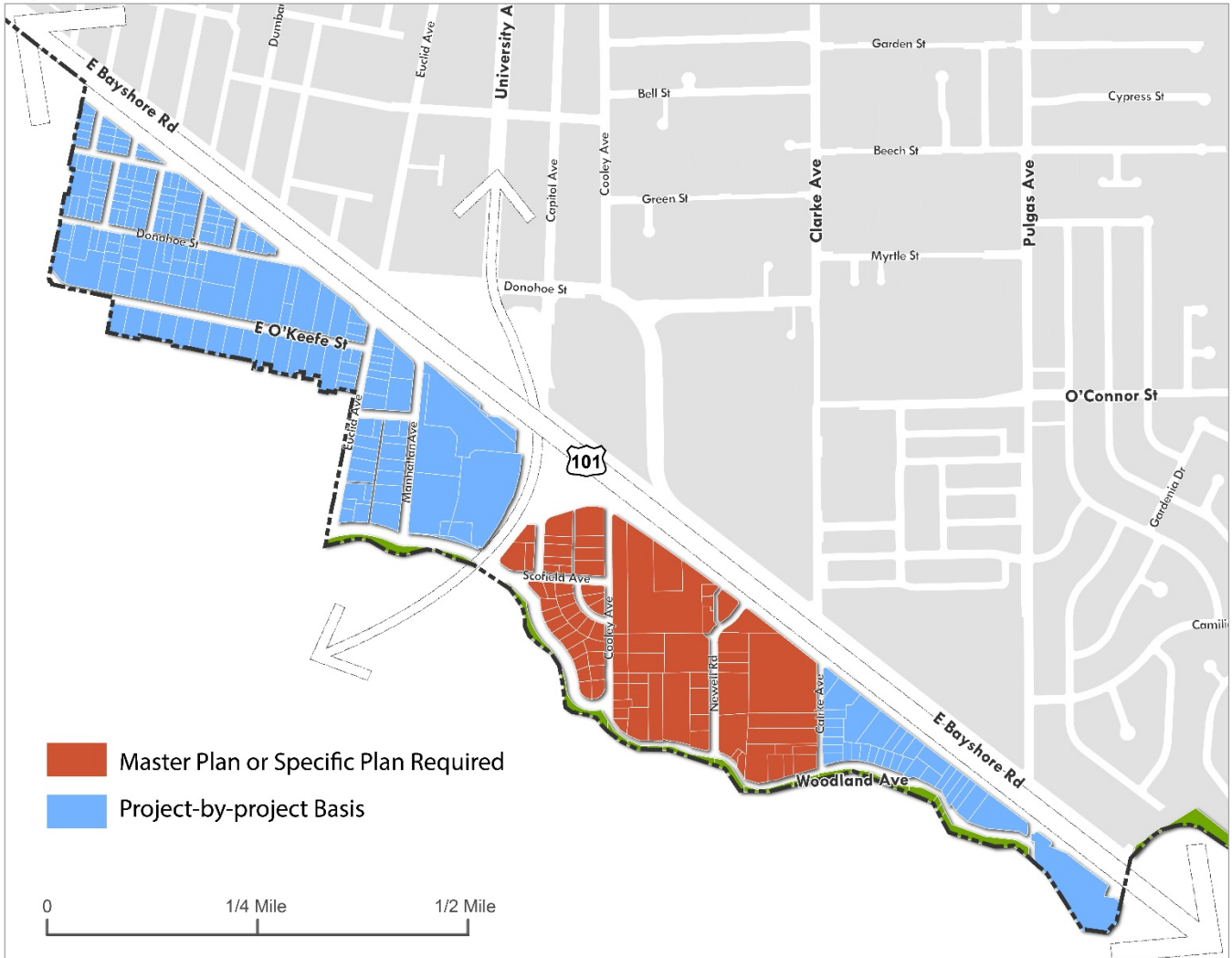
- Prevents displacement of existing residents.
- Provides for some income-restricted affordable housing.
- Preserves “right of return” for existing residents.

- Maintains the City’s rent stabilization program.
- Includes new parks and open spaces or contributes to the provision of new parks and open spaces if it is a single project.
- Improves streets and infrastructure or contributes to the provision of new streets and infrastructure if it is a single project.
- Improves the fiscal health of the City.
- Beautifies the area.

**5.4 Development process for increased intensities or changes in use.** Any proposed increases in allowed development intensity or change in use per Policy 5.2 must prepare a master plan, Specific Plan or similar planning document according to the project location as listed below:

- For areas on the north side of University Avenue or south of Clark Avenue to San Francisquito Creek, proposed increases in intensity over the currently allowed zoning intensity may be approved on a project-by-project basis. These projects shall be required to meet the policies set forth in this document in addition to any other city policies and shall be required to enter into a development agreement and/or pay fees to support the development of new parks, open spaces, infrastructure and community facilities necessary to support a higher level of development on the Westside.
- For the area between University Avenue and Clarke Avenue, proposed increases in intensity over the currently allowed zoning intensity shall be required to prepare a master plan, specific plan, or similar planning document. In some instances, a developer agreement may be appropriate.

Figure 11-12: Development Process



**5.5 Application information for increased intensity.** Prior to any approval in increased development intensity or change in use, project applicants must provide detailed information on the overall development plan and, at minimum, include the following information:

- Proposed general plan and zoning for each parcel, including uses, building heights, and maximum development intensities.
- Development program that identifies parcel-by-parcel information on existing and proposed uses.
- Affordable housing plan, including the amount, levels of affordability and location of each housing unit.
- Relocation plan for existing tenants that incorporates policies 5.10, 5.11, and 5.12 of this chapter.
- Fiscal impact analysis for the City
- Description and analysis of how the City’s rent stabilization program may be continued in the future, including sources of funding.

- Park and open space plan, including the number, acres and locations of new parks and open spaces (or contribution to parks and open spaces for single-parcel projects).
- A water supply assessment with guarantees of long-term water availability and new sources of water.
- Infrastructure improvement plan, including detailed information on all infrastructure and utilities (or contribution to Westside infrastructure improvements).
- Street network plan, including proposed street cross sections.
- Community Impact Report that details how the project applicant will satisfy the prerequisites for increases in intensity or change in use in Policy 5.3.
- Community involvement strategy.
- Any additional information and level of detail requested by the City to ensure that the proposed project meets the vision of the community.

**5.6 Replacement of affordable housing stock.**

Incentivize and, to the extent permissible, require projects that propose to redevelop sites with existing units subject to registration under the Rent Stabilization Ordinances adopted by the voters on April 12, 1988 and June 8, 2010 (RSO units) or other income-restricted affordable housing units to include as part of the project the replacement of affordable housing units comparable to the existing units on a one-for-one basis. Replacement housing shall be built in tandem with the market-rate projects and shall be of the same quality and location.

The method for providing replacement affordable housing shall be determined by the City Council on a project-by-project basis or shall be identified as part of an area-wide adopted Master Plan.

However, when considering how to replace affordable housing, the City Council shall consider the following options:

- **Replace with RSO Units.** Replace RSO units on a one-for-one basis with new deed-restricted RSO units with the same number of bedrooms.
- **Replace with Income-Restricted Units.** A developer shall dedicate land and additional local gap financing for the development of new income-restricted units. The land dedicated to the City shall be sufficient to develop an equivalent number of units (and bedrooms), based on existing zoning densities. Developer shall also contribute additional local gap financing in an amount determined on a project by project basis, or upon a Policy or Master Plan adopted by the City Council. The amount of additional local gap financing shall take into account the average median income of a given project’s occupants; the type of tax credits, financing, or other equity capital used; the in-lieu fee generated by the overall project; and other financial aspects. The purpose of land dedication is to preserve the affordability of replacement housing in perpetuity. The City shall own the land and issue a Request for Proposals for affordable housing developers to develop the projects on the land.
- **Other Approved Option.** This option can consist of some combination of the options articulated in this Policy or some other option provided it achieves the goal of replacing affordable housing units comparable to the existing units displaced by new development.

**5.7 Affordable housing as a community benefit.**

Consider the provision of additional or replacement affordable housing units to be a component of community benefits when considering legislative land use changes, development agreements, or statements of

overriding consideration, in particular for residential projects.

**5.8 Replacement affordable housing for density bonus projects.** Require that density bonus projects, including those seeking bonuses under provisions of the Government Code for properties with existing rental and rent-controlled dwelling units subject to affordability requirements, or which had such dwelling units removed from rent-control, either through demolition or other means, within the five-year period prior to application, provide for replacement units on a one-for-one basis to the extent required and permissible under applicable law.

**5.9 First right of return.** Require that existing tenants displaced by new development or rehabilitation of existing dwelling units be afforded the following rights:

- The ability to return to a unit at the same level of affordability (measured in monthly rent) as the prior unit.
- The ability to return to a unit of comparable size with the same or greater number of bedrooms.
- The ability to return to replacement housing regardless of immigration status, to the extent that this can occur under current law. If tenants are unable to return due to immigration status, the project sponsor shall find the tenant a comparable unit in terms of size and cost to the original unit.

**5.10 Relocation plan.** Prior to project approval, require development projects that are proposing increases in intensity or to demolish RSO units, to prepare, and the City approve, a “relocation plan” that accounts for all tenants displaced by new construction. The tenants shall have housing provided from the moment they are displaced until they are relocated into a replacement unit. The relocation plan must meet the following criteria:

- Provide temporary housing within East Palo Alto or within 10 miles of the prior home.
- Does not require the crossing of the Dumbarton Bridge.
- Must not pay more in rent than paying in the prior home.
- All costs of relocation must be paid for by the project sponsor.
- Moving process between units must occur quickly and efficiently and to minimize the inconvenience of the tenant.
- Replacement housing must be completed within one and a half years to minimize impacts to tenants.

**5.11 Relocation benefits.** Require that sponsors of new development projects offer tenants the choice between reserving replacement housing or receiving relocation payments as defined by City of East Palo Alto Ordinances.

**5.12 Land use vision for the Westside.** Due to the Westside’s predominant role in providing affordable housing, development is directed to the other areas of the City, including the Ravenswood Business District, Bay Road, and University Ave. Require that any redevelopment or planning process on the Westside incorporate the following into its process or development proposal:

- **Housing focus.** Maintain a predominant residential focus for the majority of the Westside while allowing for the possibility of new non-residential uses.
- **Neighborhood amenities.** New development should include local-serving retail, commercial and service uses and also provide a neighborhood meeting and focal point for the community. To the extent feasible, locate new retail adjacent to public spaces.
- **New supermarket.** Seek to attract a Westside supermarket with fresh, healthy and affordable food. Locate the

supermarket in a mixed use building south of University Avenue on the “main street.”

- **Office and other non-residential uses.** Consider new non-residential development uses on the Westside as part of a master planning process if the non-residential development results in overall benefits to the City and the Westside, does not reduce the total number of housing units in the City, provides direct community benefits.
- **New streets.** If significant redevelopment of the Westside occurs through a master planning process, seek opportunities to create new streets in the Westside that provide for improved vehicular access and pedestrian and bicycle circulation. New streets also increase the opportunity for new open space.

**5.13 Existing building renovation.** Encourage existing buildings to conduct small and large-scale renovations. This could range from minor improvements to facades and interiors to structural improvements to complete renovations of individual units. Any renovation or rehabilitation shall comply with requirements for replacement housing as set forth in Policy 5.9.

**5.14 Gradation of height.** Design new development so that there is transition in building height. The greatest height and intensity should be focused towards Highway 101 and University Avenue, transitioning to lower heights no more than three stories near San Francisquito Creek and along the western portion of O’Keefe Street that is adjacent to residential neighborhoods.

**5.15 Neighborhood transitions and character.** For new multi-family development in the Westside that is adjacent to existing single-family residential neighborhoods, provide transitions in height, increased build setbacks and landscaping to minimize the impact on adjacent low density residential uses.

**Goal W-6. Building and site design to support a beautiful Westside and a high-quality pedestrian environment.**

*Intent: To ensure that future and existing development on the Westside generates a more aesthetically pleasing and pedestrian-oriented environment. This is particularly important where the ground floors of buildings meet the street and sidewalk network, framing the public realm and visual character of the Westside.*

**Policies:**

- 6.1 Existing building renovation.** Encourage existing buildings to conduct small and large-scale renovations. This could range from minor improvements to facades and interiors to structural improvements to complete renovations of individual units.
- 6.2 Building quality and character.** Improve the quality and aesthetic appeal of existing buildings and housing in the Westside, and encourage high quality architecture, materials, and pedestrian-oriented facades in new construction.
- 6.3 Frequent pedestrian entries and windows.** Include regular pedestrian entries onto public space and transparent windows along the ground floor of new buildings, particularly in areas with ground-floor retail.
- 6.4 Building articulation.** Use articulation strategies for new development to reduce the visible bulk of buildings, add visual interest, and add pedestrian-oriented character and detail. These could include massing breaks as well as projections, minor stepbacks, architectural details, and variations in materials to distinguish between upper and ground floors.
- 6.5 Engaging residential facades.** Encourage new ground-floor residential uses throughout the Westside with transparent windows, stoops, porches, and other façade treatments to engage the pedestrian environment, provide “eyes on the

street,” and create sense of ownership and stewardship among residents.

- 6.6 Elevated ground-floor residential.** Elevate new ground-floor residential space above the sidewalk level to provide privacy and ensure high-quality, usable residential spaces.
- 6.7 Parking frontage.** Whenever possible, locate parking and vehicle areas in the Westside behind or under buildings, and should not be located on street corners.
- 6.8 Building length.** Limit the length of individual new buildings or building masses along the street frontage to create human-scaled buildings with access to fresh air and daylight.
- 6.9 Garage and driveway entries.** Limit the number of new garage entries and driveway curb cuts crossing the sidewalk to encourage a more complete and comfortable pedestrian environment in the Westside.
- 6.10 Placement of utilities.** Locate visible utilities – including all “dry” utility access, above-ground equipment, trash containers, and utility boxes – behind or to the side of buildings, behind buildings, behind screening, and away from street corners.
- 6.11 Loading docks and service access.** Ensure that loading docks and service entrances in the Westside are screened from the right-of-way and adjacent properties; are accessed via alleys, side streets, or services access driveways; and are internal to the building envelop and equipped with closable doors to improve the aesthetics of the public realm and limit noise.

### Goal W-7. Beautification and greening of the Westside.

*Intent: To introduce more green space, natural features, and design features within the public realm. A beautiful, green public realm can increase quality of life on the Westside, provide a calm and livable environment, and emphasize the Westside’s natural setting.*

**Policies:**

- 7.1 Greening and streetscape.** Provide additional street trees, landscaping and green space throughout the Westside to improve the area’s visual appeal and increase residents’ connection with nature.
- 7.2 Connections to parks and nature.** Encourage physical connections and visual sightlines to parks, public space, San Francisquito Creek, and other beautiful outdoor areas.
- 7.3 Street furnishings.** Improve existing streets or construct new streets with a diversity of street furnishings including benches, directional signage, bollards, bicycle parking, and trash receptacles.
- 7.4 Street lighting.** Provide adequate and consistent street lighting for safety and nighttime pedestrian activity throughout the Westside.
- 7.5 Green streets.** Integrate “green streets” concepts into street, sidewalk, public space design to minimize the impacts of stormwater runoff and to add visual interest and appeal.
- 7.6 University Circle integration.** Seek opportunities to better integrate the University Circle area into the surrounding neighborhoods, including through new street and pedestrian connections, more pedestrian-focused streetscape and façade design, better public access into and across the site, and better crossings of adjacent streets.

### Goal W-8. Accessible and well-maintained parks and public facilities.

*Intent: To increase the overall amount of park space, natural areas, and accessible community spaces on the Westside, providing locations for recreation, respite, and social events.*

**Policies:**

- 8.1 San Francisquito Creek.** Establish a trail or linear park along the creek as part of a redevelopment of the Westside or as part of the creek flood protection project.
- 8.2 New central park.** Establish a large (at least 1.5 acre), centrally located park south of University Avenue – potentially near the intersection of Cooley Avenue and an extended Scofield Avenue – providing open space amenities for Westside residents.
- 8.3 Other new parks and public space.** Seek opportunities to provide other new pocket parks, plazas, tot lots, playground for children, recreation facilities, and other parks and public spaces throughout the Westside, including in the following locations:
  - At the intersection of East Clarke Avenue and Woodland Avenue.
  - On O’Connor Street between Euclid Avenue and Manhattan Avenue.
  - On a new street connection between Donohoe Street and East O’Keefe Street.
- 8.4 Community Meeting Space.** Pursue the following new community meeting spaces in the Westside, with at least one space on either side of University:
  - One Small community meeting space (at least 500 square feet).
  - One Medium-sized community space (at least 1,250 square feet).

- One Large community space (at least 2,500 square feet).
- Community spaces may be stand-alone independent facilities, or may be incorporated into a larger development, but should provide easily accessible public meeting spaces for a variety of community meetings, educational efforts, civic events, social events, or other neighborhood activities.

## Goal W-9. **Better streets and transportation options for residents and visitors.**

*Intent: To improve the street network on the Westside and provide a better-connected, safer, and more complete transportation system, achieving incremental improvements by leveraging new development and infrastructure improvements.*

### **Policies:**

- 9.1 New street connections.** Should redevelopment occur, establish new street connections across existing large blocks whenever possible, prioritizing connections in the following locations:
- Mid-block between East O’Keefe Street and Donohoe Street.
  - Mid-block between Euclid Avenue and Manhattan Avenue, south of O’Connor.
  - Into or through University Circle.
  - From Cooley west to San Francisquito Creek.
  - Multiple connections through the large block between Cooley Avenue and Newell Road.
  - Through the large block between Newell Road and East Clarke Avenue.
  - From Cooley west to San Francisquito Creek.

- 9.2 Safe pedestrian network.** Develop a safe pedestrian network throughout the Westside, including regular crosswalks, consistent sidewalks, traffic calming where necessary, special crossing treatments in areas of high pedestrian traffic, and better access across University Avenue and Highway 101.
- 9.3 Safe bicycle network.** Implement a safe, complete, and well-connected bicycle network through the Westside, emphasizing connections to the existing bicycle networks in Menlo Park, Palo Alto, and the rest of East Palo Alto.
- 9.4 Transit service.** Work with regional transit providers to provide increased frequency of transit service, additional routes, easily accessible transit stops, and direct service to shopping and employment destinations.
- 9.5 Complete Streets.** Implement the concepts of Complete Streets, balancing the needs of automobiles, cyclist, pedestrians, and transit as appropriate when improving streets or creating new streets.
- 9.6 Sidewalks.** Ensure sidewalks are provided on both sides of all streets in the Westside, with wider sidewalks in retail areas, and replace and repair missing sidewalks.
- 9.7 Pedestrian crosswalks.** Provide better and more frequent pedestrian crosswalks, with special priority treatments such as bulbouts, elevated crosswalks, in-pavement markers or texture, or high-visibility crosswalks in areas with high levels of pedestrian activity.
- 9.8 Scofield Main Street extension.** Prioritize the extension of Scofield Avenue east to link to West Bayshore and Newell Road, providing a new main street and east-west spine for this area of the Westside. Prioritize ground floor retail uses along this extension.
- 9.9 Improve access across Highway 101.** Complete a new pedestrian bridge Highway 101 at Newell Road. Establish a new connection across Highway

101 north of University Avenue, either by re-opening and improving the existing pedestrian underpass or by constructing a new bridge over the freeway.

- 9.10 Newell Bridge.** Complete the new Newell Bridge connecting the Westside to Palo Alto across San Francisquito Creek and align the bridge with existing streets.
- 9.11 University Avenue crossings.** Improve pedestrian crossings of University Avenue at Woodland Avenue and at the freeway interchange in order to improve transportation safety and enable improved pedestrian connections from the Westside.
- 9.12 University Avenue overpass.** Fully implement safe bicycle and pedestrian facilities on the University Avenue overpass of Highway 101, ensuring that bicycle facilities are integrated with the bicycle network on either side of the overpass.
- 9.13 Newell Road bicycle facilities.** Prioritize Class II bicycle lanes or other high-quality bicycle facilities along Newell Road, providing a connection between the new Newell Bridge and the planned pedestrian/bicycle overpass over Highway 101 at Newell Road.

## Goal W-10. An adequate and efficiently administered parking supply on the Westside.

Intent: To make efficient use of the Westside’s parking supply, provide sufficient parking supply, and reduce the demand for parking in order to create a convenient parking system for residents on the Westside.

### Policies:

- 10.1 Parking for new development.** Ensure an appropriate supply of parking for new development.

- 10.2 Parking regulation.** Ensure adequate enforcement, permitting, and monitoring of on-street parking in the Westside.

- 10.3 Off-street parking allocation.** Work with building owners to provide a fair, efficient, consistent, and integrated approach to allocating parking spaces to tenants. Work with property owners and manager to improve the parking situation for existing residents.

- 10.4 Increase opportunities for residents parking.** Seek opportunities to ensure an adequate supply of parking for residents and visitors on the Westside including:

- Constructing public parking lots or garages.
- Providing incentives for new projects to provide additional parking spaces as part of the projects for existing residents and visitors.
- Encouraging all existing and new non-residential development to allow residents to park in parking lots during non-business hours.

- 10.5 Transportation demand management.** Encourage efforts to reduce transportation demand and trip generation, and require significant transportation demand management planning as part of any future master planning process in the Westside.

- 10.6 Mechanized Parking.** Encourage the use of mechanized parking in new construction and major renovations of existing buildings.

## Goal W-11. **Safe, sufficient, and well-maintained infrastructure and services.**

*Intent: To address deficiencies in infrastructure in order to protect health and safety in the Westside, while enabling sufficient infrastructure capacity and services for new and existing development.*

### **Policies:**

- 11.1 Infrastructure upgrades.** Replace aging wet and dry infrastructure throughout the Westside to ensure safe and reliable provision of services for new and existing residents.
- 11.2 Higher quality drinking water.** Take active steps to ensure a more reliable and plentiful source of potable water for the Westside, in coordination with citywide efforts to secure the City's supply.
- 11.3 Flood protection.** Continue to work with adjacent cities and the Army Corps of Engineers to reduce flooding risks from the San Francisquito Creek.
- 11.4 Public Safety Services.** Ensure that police, fire, and EMS services to the Westside are sufficient to protect residents' health and safety, and are kept at a level commensurate with any changes in population on the Westside.
- 11.5 Infrastructure for new development.** Ensure that new development in the Westside pays its fair share for infrastructure and utility improvements that it necessitates.
- 11.6 Waste and recycling.** Provide adequate trash and recycling services to keep pace with the number of residents on the Westside.

## **Neighborhood Center Overlay (NCO) General Plan Land Use Designation**

**Description:** This overlay designation is intended to support the development of housing at increased intensities with ancillary neighborhood-serving retail uses in limited locations in the City and is consistent with Figure 11-12 of the Westside Area Plan and with Westside Area Plan Policies 5.2, 5.3, 5.4, and 5.5. This designation is intended to be applied on a project-by-project basis and may only be combined with High Density Residential and Urban Residential land use designations. Mid-rise and high-rise residential development is encouraged, ideally supported by high-frequency public transit and located within walking distance of neighborhood services and amenities. Parking structures shall be designed so that they do not face the primary public streets.

**Allowed Land Uses:** High-density multiple-family dwellings, such as rental apartments, condominiums, and single room occupancy (SRO) developments with neighborhood-serving retail and other uses such as day care centers and public facilities may be allowed if they are compatible and serve the needs of residents living in higher density residences.

**Density/Intensity:** 86.1 - 175 units/acre, or 250 to 525 persons/acre.  
Maximum height of 13 stories and 135 feet.

## **Overlay and Neighborhood Center Overlay Zoning Designations (Development Code)**

### **Chapter 18.11 -- OVERLAY ZONES**

Sections:

#### **18.11.010 – Purpose and Intent.**

A. The purpose of an overlay zoning district is to allow the City to establish special land use regulations, standards, or procedures in areas with unique land use, site planning, building design, or environmental resource issues. An overlay zoning district also is an appropriate mechanism to implement long-term goals and land use requirements for a specific property or location and is intended to be applied only where special circumstances justify the modification of base zoning district regulations to achieve specific land use and design objectives. Overlay zoning districts are established through rezoning and only in conjunction with base zoning districts. Except as modified by the overlay zoning district, the provisions of the applicable base-zoning district apply to all development within the boundary of the designated area. If regulations conflict, the applicable overlay zoning district regulations shall prevail.

B. Whenever an overlay district is established, any subsequent change to the base-zoning district shall not be construed to alter the overlay district. Projects must meet general plan requirements for increases in intensity. An intent to alter the overlay district on a given property requires an application.

#### **18.11.020 – Neighborhood Center Overlay (NCO) Zone.**

A. The Neighborhood Center Overlay (NCO) Zone provides for additional residential density in the Multiple-Family High Density Residential Zone (subzone R-HD-5) and the Multiple-Family Urban High Density Residential Zones (R-UHD), as well as ground floor neighborhood service uses to serve the needs of residents living in the higher density dwellings. This zone implements the NCO land use designation in the General Plan.

B. The NCO Zone shall apply to properties identified on the zoning map by the symbol “NCO” within parentheses, following the R-HD-5 or R-UHD designation. The development standards established by this chapter shall apply in lieu of the comparable standards established for the underlying R-HD-5 or R-UHD zone.

C. The NCO Zone may only be applied to properties in the Westside Area designated as eligible for increases in intensity on a “project-by-project basis” as set forth by Westside Area Plan Policy 5.4 and Figure 11-12.

D. The NCO Zone may only be applied to properties within the Westside Area Plan zoned R-HD-5 or R-UHD bounded by West Bayshore Road, Euclid Avenue, O’Connor Street, and Manhattan Avenue and properties within the Westside Area Plan zoned R-HD-5 or R-UHD with frontage on Euclid Avenue. The NCO Zone may not be applied to properties that adjoin parcels zoned R-LD or R-MD.

E. The NCO Zone may not be applied to any parcels with frontage within 100 feet of the centerline of San Francisquito Creek.

**18.11.030 – Land Use Regulations and Allowable Uses**

- A. **Permitted uses.** Neighborhood services uses no greater than 5,000 square feet in size shall be permitted in addition to the land uses permitted and conditionally permitted in the underlying R-HD-5 or R-UHD zoning district shown in Section 18.10.020, Table 2-1.
- B. **Additional Regulations.** Regulations applicable to the underlying R-HD-5 or R-UHD zone that are not in conflict with the provisions of this chapter shall apply. Provisions elsewhere in the Development Code also may apply.
- C. **Permit Processing.** All permit processing procedures, as applicable, set forth in Article 7 of the Development Code are required.

**18.11.040 – Development Standards**

For properties within the NCO Zone, the requirements set forth in Section 18.10.030, Table 2-2 for the R-HD-5 and R-UHD zones, as applicable, shall apply except as amended by the NCO Zone standards set forth in Table 2-2.1 below.

<b>Table 2-2.1 Development Standards for NCO Zone</b>	
<b>Development Feature</b> (minimum unless otherwise indicated)	<b>NCO</b>
<b>Density</b>	175 du/acre (maximum)
<b>Setbacks</b>	
<b>Front</b>	5 ft.
<b>Corner vision triangle</b>	12 ft.
<b>Side/Street Side</b>	5 ft.
<b>Rear</b>	10 ft.
<b>Height</b>	13 stories or 140 feet, whichever is greater <sup>1</sup>
<b>Open Space<sup>2</sup></b>	
Common Open Space	50 sq. ft.
Private Open Space	
Ground Floor Units	50 sq. ft.
Upper Floor Units	50 sq. ft.
<b>Parking</b>	Chapter 18.30 <sup>3</sup>

Notes:

- 1. Height regulations related to mechanical screening and equipment from Municipal Code Section 18.22.030 and 18.22.040 shall apply.
- 2. Common Open Space and Private Open Space may be aggregated without limitation

3. Municipal Code Section 18.30.080(B) shall not apply in the NCO overlay for any project with an approved Parking Study and Transportation Demand Management (TDM) Plan submitted pursuant to Municipal Code Section 18.32 that utilizes unbundled parking as a TDM measure.

**18.11.050 – Required Determinations**

Prior to the Planning Commission recommending approval of any NCO district application and prior to the City Council approving an ordinance designating and regulating any NCO district, all of the following findings must be made with respect to the proposal, in addition to findings required by Chapter 18.114:

- A. The project does not displace existing residents.
- B. The project provides income-restricted affordable housing consistent with City’s Inclusionary Housing Ordinance (Chapter 18.37 of the East Palo Alto Municipal Code).
- C. The project preserves “right of return” for existing residents if demolition of existing residential units is proposed.
- D. The project maintains the City’s rent stabilization program, where applicable.
- E. The project contributes to the provision of new parks and open spaces.
- F. The project contributes to the provision of new streets and infrastructure.
- G. The project improves the fiscal health of the City.
- H. The project enhances the area for residents.



# EAST PALO ALTO CITY COUNCIL STAFF REPORT

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**DATE:** March 4, 2025

**TO:** Honorable Mayor and Members of the City Council

**VIA:** Melvin E. Gaines, City Manager

**BY:** Hanson Hom, Deputy Manager, Special Projects  
Humza Javed, Public Works Director  
Tomohito Oku, Finance Director

**SUBJECT:** Adoption of Nexus Study Update and Updated Parks and Trails, Public Facilities, Transportation, Storm Drainage, and Water Capacity Development Impact Fees

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## Recommendation

1. Conduct a public hearing to receive public comments.
2. Consider the *Development Impact Fee Financial Feasibility Analysis and Development Impact Fee Comparison Survey*.
3. Adopt a resolution:
  - a. Finding that the proposed action is exempt from the requirements of the California Environmental Quality Act (“CEQA”) because it is not a project as it has no potential to result in direct or reasonably foreseeable indirect physical change to the environment (14 Cal. Code Regs. §15378(a)); the project does not create a funding mechanism or other government fiscal activity that involve any commitment to a specific project which may result in a potentially significant physical impact on the environment (14 Cal. Code Regs. §15378(b)(4)); and projects that may receive funding with development impact fees would be required to comply with applicable project-specific CEQA requirements at the time such projects are proposed for implementation
  - b. Approving the *Development Impact Fee Nexus Study Update* and updated parks and trails, public facilities, transportation, storm drainage, and water capacity development impact fees; and
  - c. Directing staff to file a Notice of Exemption for the updated development impact fees.

### **Alignment with City Council Strategic Plan**

This recommendation is primarily aligned with:

Priority: Implement the Comprehensive Transportation and Mobility Plan

Priority: Ensure Our Financial and Organizational Health

Priority: Improve the City's Water Infrastructure

Priority: Develop and Implement a Comprehensive Facilities Master Plan

Priority: Enhance Community Services and Parks for Residents

### **Executive Summary**

The City adopted parks and trails, public facilities, transportation, storm drainage, and water capacity development impact fees in 2018 and 2019. To update these fees, the City conducted a Nexus Study Update (**Attachment 2**), a Financial Feasibility Analysis (**Attachment 3**), and Development Impact Fee Comparison Survey (**Attachment 4**). These reports, dated January 2025, incorporate revisions based on public feedback received on prior drafts released for public review in June and November 2024.

The recommended updated impact fees are detailed in **Attachment 1, Exhibit B**, of the Resolution, which also defines possible fee reductions, adjustments, or credits. A comparison of the recommended fees and current fees (**Attachment 5**), highlights the following key changes:

- Parks and trails and storm drainage fees would generally increase for all land use types.
- Public facilities and transportation fees may increase or decrease depending on land use type.
- Water capacity fees would generally decrease for all land use types.

While the overall cost of facility and infrastructure improvements to support planned growth has risen, this increased cost is distributed across a larger potential development capacity (more square footage of potential development), which could help to balance the financial impact.

The recommended impact fees reflect the maximum justifiable fees in the Nexus Study Update, with two recommended adjustments:

- Reduced impact fees for larger accessory dwelling units (ADUs) over 750 square feet to support potential development of a viable affordable housing option (state law exempts ADUs of 750 square feet or less from impact fees); and
- A continued reduction in the transportation impact fee for new retail development, setting it at the same rate as office development to ease constraints on building desired retail and restaurant spaces in the City.

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## **Background**

The City of East Palo Alto implemented development impact fees in 2018 (water capacity) and 2019 (public facilities, parks and trails, transportation, and storm drainage) under Municipal Code Chapters 13.24 and 13.28. Authorized by California Government Code Section 66000 et seq. ("Mitigation Fee Act"), as amended by AB 602 and other applicable state laws, these fees help fund infrastructure to support future development, ensuring that developers contribute their fair share rather than burdening existing community members with disproportionate costs.

Development impact fees apply to new or expanded residential, office, industrial, and retail developments, or a change of use to an existing building that requires a planning approval or building permit. The impact fees are allocated for projects identified in the Nexus Study Update.

## **Why Update the Fees?**

Significant new data since 2018/2019 supports a fee update, including:

- 2024 - Capital Improvement Program (CIP) Update;
- 2024 - Ravenswood Business District/4 Corners (RBD) Specific Plan & Subsequent Environmental Impact Report (SEIR)
- 2024 - Library Project Scope Update based on 2017 Library Needs Assessment.
- 2023 - Parks, Recreation, and Open Space Master Plan
- 2022 - Water System Master Plan
- 2021 - Facilities Master Plan Report

The 2025 Nexus Study Update incorporates these updates, while the Financial Feasibility Analysis reflects projected near-term market conditions and the Fee Comparison Survey reflects current regional impact fee structures.

## **City Council Review & Public Engagement**

The City Council has discussed the impact fee updates in several meetings:

- October 17, 2023 - authorized Willdan Financial Services ("Willdan") to prepare a nexus study update and analyses (see [Item 9.1 on the October 17, 2023 City Council Meeting Agenda](#)).
- April 2, 2024 – Reviewed fee update rationale and methodology (see [Item 9.1 on the April 2, 2024 City Council Meeting Agenda](#)).
- July 2, 2024 – Discussed draft Nexus Study, Feasibility Analysis, and Fee Comparison Survey, along with potential policy options (see [Item 9.1 on the July 2, 2024 City Council Meeting Agenda](#)).

## PUBLIC HEARING ITEM 8.1

- November 12, 2024 – Considered special district financing for infrastructure needs (see [Item 5.2 on the November 12, 2024 City Council Agenda](#)). The Council directed staff to further study citywide options and options for the RBD Specific Plan Area. Staff expects to release a request for proposals later this year.

Throughout this process, City and Willdan staff engaged with RBD developers for feedback. Public review drafts were issued on June 18 and November 20, 2024, each with a 30-day review period.

### **Public Hearing and Next Steps**

In compliance with the Mitigation Fee Act, as amended by AB 602, notices for this City Council hearing and the 30-day public review period were published and distributed on February 1 and 21, 2025. The revised reports (dated January 2025) include revisions to respond to public feedback on previous drafts which are summarized in this staff report, with all comment letters included in **Attachment 6**. If the updated fees are approved by the City Council on March 4, 2025, the fees would become effective 60 days later or on May 5, 2025.

### **Analysis**

#### **A. NEXUS STUDY UPDATE**

The Nexus Study (**Attachment 2**) sets the maximum justifiable development impact fees that can be charged to developers to fund the capital improvement projects that are necessary to meet the public facility and infrastructure demands of new development. Cities can choose to set impact fees at less than the maximum allowed to achieve or balance land use, economic development, fiscal, community benefits, and other important policy objectives. While fees can be set below the maximum justifiable amounts, doing so results in cities subsidizing new development by assuming a larger financial share of the cost of public improvements that are necessary to accommodate new development. For East Palo Alto, reducing impact fees is particularly challenging given the volume of capital needs for which the City is responsible.

The Nexus Study only includes capital improvement projects that are necessary to accommodate the City's planned growth, and the estimated Net Project Cost is shown in Table A (Table E.3 in the Nexus Study.) Project costs are derived from the City's CIP and supporting plans and studies and deducts funds that have already been secured by the City. Additionally, Table A excludes projects that are primarily required to address existing deficiencies. Using the methodology applied to each impact fee, the total Net Project Cost is divided into two parts: the portion allocated to potential Development Fee Revenue, which supports new development (50.4%), and the Additional Funding Required, which represents the City's responsibility to meet the needs of the existing population (49.6%).

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**Table A: Non-Impact Fee Funding Required**

Fee Category	Net Project Cost	Development Fee Revenue	Additional Funding Required
Parks and Trails	\$ 89,743,000	\$ 57,203,152	\$ 32,539,848
Public Facilities	120,300,000	45,965,096	74,334,904
Citywide Transportation	21,470,203	8,574,073	12,896,130
RBD Transportation	26,924,274	21,287,735	5,636,539
Water	66,332,000	24,480,850	41,851,150
Storm Drainage	78,589,000	45,890,900	32,698,100
Total	\$ 403,358,477	\$ 203,401,806	\$ 199,956,671

Sources: Tables 3.7, 4.6, 5.3, 6.3, 7.4, and 8.4.

The total share of public facility and infrastructure improvements allocated to new development is factored into unit cost based on land use type. These costs are calculated as follows: per square feet for parks and trails, public facilities, and transportation fees; by meter size for water capacity fees; and per impervious acre for storm drainage fees. Table B (Table E.1 in the Nexus Study) outlines the maximum justifiable impact fees the City can adopt.

**Table B: Maximum Justified Development Impact Fee Schedule**

Land Use	Parks and Trails	Public Facilities	Citywide Transportation	RBD Transportation	Water <sup>1</sup>	Storm Drainage <sup>2</sup>	Administration <sup>3</sup>	Total
<b>Non RBD</b>								
<i>Residential per Sq. Ft.</i>								
Single Family	\$ 10.57	\$ 8.49	\$ 0.58	-	\$ 4.52	Varies	\$ 0.24	\$ 24.40
Multifamily	14.69	11.80	0.64	-	5.45	Varies	0.33	32.91
<i>Nonresidential per Sq. Ft.</i>								
Retail	\$ 1.50	\$ 1.21	\$ 2.69	-	Varies	Varies	\$ 0.05	\$ 5.45
Office and R&D	2.25	1.81	1.28	-	Varies	Varies	0.05	5.39
Industrial	0.90	0.72	0.80	-	Varies	Varies	0.02	2.44
<b>RBD</b>								
<i>Residential per Sq. Ft.</i>								
Single Family	\$ 10.57	\$ 8.49	\$ 0.58	2.14	\$ 2.72	Varies	\$ 0.25	\$ 24.75
Multifamily	14.69	11.80	0.64	2.40	3.27	Varies	0.33	33.13
<i>Nonresidential per Sq. Ft.</i>								
Retail	\$ 1.50	\$ 1.21	\$ 2.69	10.00	Varies	Varies	\$ 0.15	\$ 15.55
Office and R&D	2.25	1.81	1.28	4.75	Varies	Varies	0.10	10.19
Industrial	0.90	0.72	0.80	2.96	Varies	Varies	0.05	5.43

<sup>1</sup> Nonresidential water fee varies by meter size. Refer to Table 7.9 for more information.

<sup>2</sup> Storm drainage fee based on impervious surface. Refer to Table 8.4 for more information.

<sup>3</sup> Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 3.9, 4.7, 5.5, 6.6, 7.9 and 8.5.

## PUBLIC HEARING ITEM 8.1

Table B has been updated from the previous draft Nexus Study Update (June 2024) to reflect the following key changes:

### 1. *General Revisions:*

- a. Revisions have been made to the Nexus Study Update in response to public comments received on the earlier June 2024 and November 2024 drafts. These revisions are summarized below and comment letters on both drafts are included in **Attachment 6**.
- b. Development potential now aligns with Scenario 2 of RBD Specific Plan, allowing up to 3.35 million square feet of office/research and development space, 1,600 additional residential units, and modest increases in allowable industrial and retail development.
- c. Public facility and infrastructure improvement projects and cost estimates have been further updated to align with the 2024 CIP.
- d. The proportional allocation of project costs between existing and new development and between RBD and non-RBD development have been reviewed and adjusted where deemed appropriate. Project were also reviewed to confirm that impact fees will not fund existing deficiencies. Additional explanations clarify the nexus study methodology, with references to relevant plans and studies that are the source for the cost allocations.
- e. The discussion for each impact fee has been expanded to address compliance with the Mitigation Fee Act, AB 602 requirements, and nexus study guidelines from the California Department of Housing and Community Development (HCD).

### 2. *Revisions to Parks and Trails and Public Facilities Impact Fees:*

The worker weighing factor has been reduced from 0.31 to 0.19 to reflect lower anticipated workforce usage of public parks, recreation, and public facilities compared to City residents. This adjustment considers recent hybrid work trends, where employees work remotely for a portion of the week, though policies vary by employer. This adjustment results in both impact fees being reduced for non-residential development, and increased fees for residential development. As a result of this adjustment, both impact fees have been reduced for non-residential development and increased for residential development.

### 3. *Revisions to Transportation Impact Fees:*

- a. The previous methodology for allocating vehicle trips assumed that both existing and new development will reduce vehicle trips to 40 percent below standard trip generation rates to comply with the City's Transportation Demand Management (TDM) Ordinance. For existing development, the 40 percent trip reduction

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requirement only pertains to non-residential uses with 100 or more employees. Existing development in the City is predominately residential and much of the existing non-residential development does not meet the employee threshold. Therefore, for the purpose of the Nexus Study, the allocation methodology has been adjusted to reflect that only new development meets the TDM trip reduction requirement. The result is that a higher proportion of total forecasted vehicle trips has been allocated to existing development with a reduction in transportation impact fees for new development. Additionally, the TDM trip reduction captures “internal” trips for mixed-use development.

- b. For the RBD transportation impact fee, with the Loop Road eliminated from the RBD Specific Plan and Nexus Study, the impact fee has been substantially reduced for new RBD development.

#### 4. *Revisions to Water Capacity Impact Fees:*

The project list was updated to reflect the 2024 CIP and Water System Master Plan, resulting in slightly revised water capacity impact fees. The project-by-project allocation of costs to new development was reviewed and adjusted where appropriate.

#### 5. *Revisions to Storm Drainage Impact Fee:*

Following Council discussion in July 2024 and public comments on the high cost of RBD storm drainage improvements, staff conducted further review of the Utility Infrastructure Study (UIS) prepared for the RBD Specific Plan update. The UIS outlined two primary storm drainage solutions for the RBD:

- a. Constructing a new Runnymede Pump Station; or
- b. Implementing alternative system improvements instead of the new pump station.

Staff determined that constructing the Runnymede Pump Station is the preferred solution, allowing the removal of nine projects from the impact fee list. While the Runnymede Pump Station project scale has been upsized to handle a 100-year storm event, the overall result is a reduction in required infrastructure improvements for new RBD development, leading to lower storm drainage impact fees.

### B. FEASIBILITY ANALYSIS

The Feasibility Analysis (**Attachment 3**) has been updated to reflect the revised development impact fees in the Nexus Study. Additional revisions incorporate public input from the development community and updated data on construction, financing, and operating expenses. Key updates to development prototype modeling include:

- Adjusted non-residential lease rates (reduced to \$5.70-\$6.00/sf), operating and leasing expenses, financing costs (increased from 5% to 10%), and capitalization rates (reduced to 4.0-6.5%).
- A higher ratio of structured parking to surface parking for higher-density projects.

## PUBLIC HEARING ITEM 8.1

- Inclusion of school mitigation fees from both school districts.

Staff considered comments that the appropriate developer profit margin should be assumed to be at least 15%. Staff believes the assumption in the Financial Feasibility Analysis of 12% developer profit margin is appropriate based on its expert consultants. Similarly, staff and its expert consultants agree that the use of residential rents of \$4.00-\$4.25/sf continue to be valid. Vacancy rates for all prototypes were maintained at 5% although staff recognizes comments regarding current high vacancy rates for office space.

The Feasibility Analysis does not include the following items which are pending further analysis:

- Sanitary sewer impact fees which will be determined through a nexus study
- A possible special financing district for public improvements and maintenance
- A RBD transportation management association

The Feasibility Analysis continues to include the City's existing inclusionary housing requirements and commercial linkage fees. Additionally, the City is participating in a Grand Nexus Study with San Mateo County and other cities to evaluate the impact of inclusionary housing and commercial linkage programs.

### **Findings on Development Feasibility**

As shown in Table C below, the feasibility conclusion remains consistent with the conclusion of the prior drafts. The financial modeling indicates that most development prototypes, particularly higher-density residential, office, and mixed-use development, are infeasible or marginal in the near-term. Lower-density prototypes such as townhouses may be feasible. Industrial projects may also be feasible if industrial land prices are lower.

For other development types, feasibility depends on improvements in market conditions, financing availability, land acquisition costs, and construction expenses. The financial modeling further demonstrates that even if all development impact fees were waived, most prototypes would still be infeasible due to broader economic and market challenges. Until these factors improve, reducing City impact fees will have minimal influence on overall project feasibility.

**TABLE C**  
**Residual Land Value Summary <sup>(1)</sup>**  
*(per land square foot)*

Symbol	Development Prototype	Residual Land Value w/ impact fees	Residual Land Value w/o impact fees
R1	For-Sale Townhouse/Single-Family Attached	\$53	\$109
R2	Medium Density Residential	(\$152)	(\$82)
R3	High Density Residential	(\$313)	(\$142)
M1	Medium Density Mixed Commercial/Residential	(\$446)	(\$378)
M2	High Density Mixed Commercial/Residential	(\$844)	(\$709)
OL1	Medium Density Office/Life Science	(\$638)	(\$614)
OL2	High Density Office/Life Science	(\$1,384)	(\$1,349)
Flex	Low Density Flex Space	(\$105)	(\$87)
I1	Industrial (warehouse)	\$13	\$22

(1) A residual land value model is used to assess feasibility and indicates the maximum price a developer can pay for land to construct a feasible project. Residual land values below \$50 per square foot (or \$2.2 million per acre) generally indicate low feasibility based on the current market value of land.

#### C. IMPACT FEE COMPARISON SURVEY

The Impact Fee Comparison Survey (**Attachment 4**) compares the maximum justifiable impact fees from the Nexus Study Update with the current development impact fees charged by surrounding cities, including Menlo Park, Mountain View, Palo Alto, Redwood City, San Mateo, and Union City. While not required for the Nexus Study, this comparison provides another lens for evaluating impact fees.

Impact fees vary significantly by city and land use type, reflecting differences in capital improvement needs, community service standards, growth projections, policies, potential funding sources, and other factors. Fees for specific categories, such as parks and transportation, also vary widely among cities.

The fee comparison shows that, cumulatively, the maximum justifiable impact fees are within the range of total fees charged by the surveyed cities. They are neither the highest nor the lowest for any prototype. Since facility and infrastructure needs, and other factors differ by city, this fee comparison should be used for general reference, rather than as a direct policy guide.

#### D. POSSIBLE FEE ADJUSTMENTS

The maximum justifiable impacts fees calculated in the Nexus Study are not required to be adopted by the City. The City Council may choose to adopt lower fees to align with

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broader policy goals. Reducing fees for a particular land use type would require the City to subsidize that development type by covering a greater share of infrastructure costs. The City would need to secure additional funding to offset this increased fiscal obligation. Adjustments could be appropriate to balance multiple priorities, such as economic development, housing, and infrastructure needs.

In addition to project-specific fee credits, adjustments, or reductions outlined in the recommended Development Impact Fee Schedule (Fee Resolution, Exhibit B,) the following fee adjustments are considered:

## 1. *Transportation Impact Fee for Retail Uses*

Retail development is financially challenging, even in strong economic conditions. The 2019 feasibility analysis indicated that retail development projects often struggle, and the General Plan (Policies 1.8 and 2.2) prioritizes attracting community serving retail and restaurant businesses, particularly at Four Corners and along Bay Road. The RBD Specific Plan reinforces these policies, encouraging mixed-use development with ground-floor commercial uses at these locations.

Retail uses generate more vehicle trips per square foot than residential, office, or industrial projects. While the Nexus Study allows for a higher transportation impact fee for retail, doing so could discourage retail development, particularly for mixed-use projects, which are already financially challenging.

Currently, retail and office projects are charged the same transportation impact fee rate. Staff recommends maintaining this policy, as reflected in the recommended Development Impact Fee Schedule. The projected impact of this adjustment is shown in Table D:

**TABLE D**  
**Adjusted Transportation Impact Fee for Retail Space**  
*(per square foot)*

	Within RBD	Outside RBD
Current 2024 Impact Fee	\$8.84	\$8.84
Maximum Justifiable Fee	\$12.69	\$2.69
Recommended Adjusted Fee (same rate as office/R&D)	\$6.03	\$1.28

## 2. *Accessory Dwelling Units (ADUs)*

In November 2023, the City Council supported exploring strategies to incentivize and reduce development constraints for the construction of ADUs. Various options were discussed including reducing zoning, permitting, and financial constraints. Since then:

- a. Zoning changes have streamlined ADU permitting to align with state laws.

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- b. The City is collaborating with San Mateo County and other cities to develop financing, resources, seminars, and ADU construction support programs for homeowners. Model ADU plans are also available online.
- c. The City’s 2023-2031 Housing Element contains policies to facilitate the construction of ADUs as an affordable housing alternative, including Policy 1.8, which directs the City to consider waiving, reducing, or deferring permits and development impact fees for ADUs.

Pursuant to Government Code Section 66324, ADUs 750 square feet or smaller are exempt from impact fees, while larger ADUs can be charged impact fees proportionately in relation to the square footage of the primary dwelling unit. For example, a 2,000 square-foot primary dwelling unit with a proposed 1,000 square-foot ADU could result in 50 percent of the impact fee that would be charged for a new primary dwelling on the same site. (Government Code Section 66324, subd.(c)(1))

In East Palo Alto, impact fees can be a significant financial obstacle to constructing a larger ADU. To reduce this financial constraint, staff suggests assessing impact fees only on the square footage above 750 square feet if those fees are less than the amount calculated in proportion to the square footage of the primary dwelling unit. Using a 1000-square-foot ADU for illustration, the financial effect of the fee reduction is shown in Table E.

**TABLE E**  
**Adjusted Total ADU Impact Fees <sup>(1)</sup>**  
**Example: 1,000-square-foot ADU**

	ADU (within RBD)	ADU (outside RBD)
Current 2024 Impact Fees	\$15,018	\$14,032
Maximum Justifiable Fee (assessed on entire unit, or 1,000 sf for example)	\$32,141	\$27,084
Recommended Adjusted Fee (assessed on space above 750 sf only, or 250 sf for example)	\$8,035	\$6,771

(1) Combined parks and trails, public facilities, transportation, storm drainage, and water capacity fees. Assumes ADU will have a separate water meter from primary dwelling.

### 3. *Consideration of Adjustments to Residential Impact Fees*

Residential impact fees are projected to increase more than non-residential impact fees. A key reason for this difference is that a lower worker weighting factor has been applied in the Nexus Study Update than in the previous 2019 nexus study which lessens the impact of new development on parks and public facilities.

The City Council could consider adjusting the residential impact fees to alleviate the fee increase on housing projects. However, this would require the City to subsidize

## PUBLIC HEARING ITEM 8.1

new development. Additionally, the Feasibility Analysis indicates that even with reduced fees, current economic conditions would still hinder project viability.

- a. Comparison with Quimby Fees: The most significant fee increase applies to the parks and trails impact fee, which is based on the City's first-ever adopted Parks Master Plan. The parks and trails fee only applies rental housing. In contrast, ownership housing (e.g. residential subdivisions and condos) is subject to parkland dedication or in-lieu fees under Chapter 18.62 of the Municipal Code through the authority granted by the Quimby Act (Government Code Section 66477).

For a 1,000 sq. ft. unit:

- The Quimby in-lieu fee for a condominium unit ranges from \$17,886 to \$25,203<sup>1</sup> depending on land value.
- The maximum justifiable parks and trails fees for a rental housing unit would be \$14,840<sup>2</sup>.

While the parks fee would increase under the Nexus Study, it remains lower than the Quimby fee for a comparable condominium. Staff does not recommend reducing the parks and trails impact fee given the identified facility needs in the Parks Master Plan.

- b. Transit Priority Area: Under Government Code Section 66005.1, cities must reduce transportation impact fees for housing projects located within a transit priority area if certain conditions are met. One of the conditions is if a housing project is located within 1/2-mile radius of a "major transit stop." A major transit stop was defined, among other criteria, as *"the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods."* No bus stops in East Palo Alto met this definition.

AB 2553, signed into law in September 2024, amended the definition of a major transit stop by increasing the service interval from 15 minutes to 20 minutes. The only location in East Palo Alto that could potentially qualify under the amended definition is University Avenue/Bay Road where SamTrans Routes 296 and 281 stop at this intersection. Route 296 meets this definition with 15-minute service intervals during the AM/PM weekday peak hours (7-10 am and 4-7 pm), but Route 281 does not fully qualify with 19 to 21-minute service intervals during peak hours.

While University Avenue/Bay Road does not fully meet the definition of a major transit stop, the City Council could still consider reducing transportation impact fees for residential projects located within 1/2-mile radius of this intersection to

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<sup>1</sup> Calculated as follows: 3 acres/1,000 population (per Chapter 18.62 of Municipal Code) x \$2.2 to \$3.1 million/acre x 2.71 persons/multi-family unit for East Palo Alto per U.S. Census American Communities Survey

<sup>2</sup> Calculated as follows: \$14.84/square foot (parks and trails fee, plus 1% administrative charge) x 1,000 square feet

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prioritize housing near transit. **Attachment 7** shows the 1/2-mile radius from this intersection. Staff notes, however, that the transportation modeling and methodology for the Nexus Study Update already incorporate a 40 percent trip reduction city-wide for new development to reflect compliance with the City's TDM ordinance. The recommended fee schedule does not currently include a reduced transportation impact fee for housing projects located within 1/2-mile radius of University Avenue/Bay Road. If service intervals for the bus routes change substantially in the future or other applicable state laws are enacted, the transportation impact fee for qualifying projects should be revisited.

- c. Affordable/Senior Housing Projects: For affordable or inclusionary housing units, staff suggests that, on a project-by-project basis, the City Council could consider offsetting the impact fees for these units with financial assistance. This assistance could be available through the City's commercial linkage fees, inclusionary housing in-lieu fees, or Measure HH revenue. The Development Impact Fee Schedule also allows reducing transportation impact fees for affordable and senior housing development based on typically lower vehicle trips generated by these projects.

#### 4. *Fee Payment*

Beginning on January 1, 2025, payment of impact fees for designated residential development projects, as defined by Government Code Section 66007 (SB 937), are not due until final inspection or issuance of a certificate of occupancy, whichever occurs first. The fee resolution reflects this state law change. Payment of impact fees for other projects continue to be due prior to building permit issuance. However, the fee resolution includes a provision that allows the City Council to approve or authorize the City Manager to approve alternative payment terms for a specific project, such as through a development agreement,

#### **Fiscal Impact**

The Development Impact Fee Schedule would ensure that new development will assume its fair share allocation for public facilities and infrastructure improvements that are necessary to accommodate growth as identified in the City's CIP and Nexus Study. The Nexus Study identifies capital improvement projects totaling approximately \$403 million dollars. The maximum amount that can be funded with development impact fees is approximately \$203 million. and the City will need to identify other funding sources or financing mechanisms for the remaining \$200 million.

Impacts fees are collected at issuance of building permits or approval of occupancy and are placed in special capital improvement funds. A special fund has been established for each impact fee. The collected fees can only be used for the purposes identified in the Nexus Study for each fee and cannot be used for general government services or other projects. A one percent administrative charge will be added to the impact fees to cover administrative, monitoring, and reporting requirements.

Per the Mitigation Fee Act, an annual AB1600 report is published to disclose the status of each special fund and state-mandated findings on the unexpended fund balance must be

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made every five years per Government Code section 66001 subdivision (d). AB 1600 reports are available at <https://www.cityofepa.org/finance/page/ab1600-development-impact-fee-reports>. At least every eight years, an updated nexus study must be prepared to incorporate any necessary updates to capital improvement projects and cost estimates, funding status, proportionate allocations, and forecasted development.

### **Public Notice**

Pursuant to the Mitigation Fee Act (Government Code Sections 66016 and 66016.5), on February 1 and 21, 2025, notices were distributed on: 1) the availability of the revised Nexus Study Update, Feasibility Analysis, and Fee Comparison Survey on the City's website; and 2) a scheduled City Council public hearing on March 4, 2025, to consider adoption of the revised Nexus Study Update and updated parks and trails, public facilities, transportation, storm drainage, and water capacity development impact fees. The notices were published in the local newspaper, emailed to interested parties and stakeholders, and posted on the bulletin board at City Hall, 2415 University Avenue, East Palo Alto.

### **Environmental**

Approval of this Resolution is exempt from the requirements of the California Environmental Quality Act (CEQA) because: it is not a project as it has no potential to result in direct or reasonably foreseeable indirect physical change to the environment (14 Cal. Code Regs. §15378(a)); and the project does not create a funding mechanism or other government fiscal activity that involve any commitment to a specific project which may result in a potentially significant physical impact on the environment (14 Cal. Code Regs. §15378(b)(4)). Projects that may receive funding with development impact fees would be required to comply with applicable project-specific CEQA requirements at the time such projects are proposed for implementation.

### **Government Code § 84308**

**Applicability of Levine Act:** No, as the proposed action does not involve an entitlement within the meaning of the Levine Act.

**Analysis of Levine Act Compliance:** Not applicable.

### **Attachments**

1. Development Impact Fee Resolution with Exhibit A: Nexus Study Update, and Exhibit B: Updated Impact Fee Schedule
2. Development Impact Fee Nexus Study Update (January 31, 2025)
3. Development Impact Fee Financial Feasibility Analysis (January 30, 2025)
4. Development Impact Fee Comparison Survey (January 31, 2025)
5. Comparison of Existing and Recommended Development Impact Fees
6. Public Comment Letters: 6 letters on June 2024 draft reports, and 3 letters on November 2024 draft reports
7. University Avenue/Bay Road 1/2-mile Radius Map

**RESOLUTION NO. \_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO ADOPTING A NEXUS STUDY UPDATE AND UPDATED PARKS AND TRAILS, PUBLIC FACILITIES, TRANSPORTATION, STORM DRAINAGE, AND WATER CAPACITY DEVELOPMENT IMPACT FEES**

**WHEREAS**, California Government Code Section 66000 et seq (“Mitigation Fee Act”), as amended by Assembly Bill 602, and other applicable state law authorize cities to impose development impact fees to require developers to contribute to the proportional cost of facility and infrastructure improvements that will benefit their development projects; and

**WHEREAS**, the City of East Palo Alto (“City”) has determined that future planned growth per its General Plan will place increased demands on the City’s parks, trails, and public facilities and the City’s transportation, storm drainage, and water capacity infrastructure; and expanding and upgrading these facilities will be required to adequately serve future development; and

**WHEREAS**, the City has determined that failure to upgrade and expand parks and trails, public facilities, transportation, storm drainage, and water capacity infrastructure will result in substandard conditions, will overburden existing infrastructure, and will lead to unacceptable operating conditions; and

**WHEREAS**, pursuant to Mitigation Fee Act and other applicable state laws and Chapters 13.24 and 13.28 of the City’s Municipal Code, the City prepared nexus studies and adopted water capacity development impact fees in July 2018, and parks and trails, public facilities, transportation, and storm drainage development impact fees in April 2019; the fees are deposited in capital improvement funds that will only be expended for projects covered by the fees; the fees will be reevaluated every five years with findings about the unexpended portion of the funds pursuant to Government Code section 66001 subdivision (d); and

**WHEREAS**, in June 2024, the City adopted an updated Capital Improvement Program (“CIP”) that includes projects that are necessary to serve new development as identified in the City’s Park, Recreation, and Open Space Master Plan (2023), Water System Master Plan (2022), Facilities Master Plan Report (2021), Library Needs Assessment (2017), Storm Drainage Master Plan (2014), and supporting studies; and

**WHEREAS**, in December 2024, the Ravenswood the Business District/4 Corners Specific Plan (“Specific Plan”) was updated to increase the development potential within the Specific Plan area, including increasing the allowable amount of office/research and development space from 1.3 million square feet to 3.35 million square feet and allowing up to 1,600 new residential units; and

**WHEREAS**, the Specific Plan Final Environmental Impact Report (“FEIR”), certified in December 2024, includes a Transportation Impact Analysis (2023) and Utility Infrastructure Study (2023) that identified additional transportation, storm drainage, and water capacity public improvements which are necessary to accommodate the increased development potential within the Specific Plan area; and

**WHEREAS**, the City has determined that existing and future revenue sources are insufficient to fund the public facilities and infrastructure improvements identified in the City’s updated CIP and Specific Plan FEIR, and these facilities and improvements are critical for meeting the needs of the forecasted population and workforce in the City; and

**WHEREAS**, recognizing that updated development impact fees are necessary to reflect the updated CIP and Specific Plan FEIR, the City retained Willdan Financial Services (“Willdan”) to prepare: 1) a Nexus Study Update to determine the maximum justifiable impact fees that can be reasonably charged to new development; 2) a Financial Feasibility Analysis to analyze the potential financial impact of impact fees on projects feasibility; and 3) a Fee Comparison Survey of impact fees charged by surrounding cities; and

**WHEREAS**, prior draft reports prepared by Willdan of the Nexus Study Update, Financial Feasibility Analysis, and Fee Comparison Survey were released for 30-day public review periods on June 19, 2024, and November 20, 2024; written and oral comments were received on these prior draft reports at stakeholder meetings; and public comments were received at City Council meetings during the preparation of the reports on April 2, 2024, July 2, 2024, and November 12, 2024; and

**WHEREAS**, based on City Council and public comments on the prior draft reports, a Nexus Study Update (revised January 31, 2025), hereto attached as Exhibit A and incorporated by reference, a Financial Feasibility Analysis (revised January 30, 2025), and a Fee Comparison Survey (revised January 31, 2025) were released on February 1, 2025, for a 30-day public review period; and

**WHEREAS**, pursuant to Government Code Sections 66016 and 66016.5, notices of availability of the Nexus Study Update and a City Council public hearing to consider adoption of said Nexus Study Update and adoption of updated parks and trails, public facilities, transportation, storm drainage, and water capacity development impact fees were published in the local newspaper, posted at City Hall, and emailed to interested parties and stakeholders on February 1, 2025, and February 21, 2025; and

**WHEREAS**, on March 4, 2025, the City Council held a noticed public hearing to receive public comments on the Nexus Study Update, Financial

Feasibility Analysis, Fee Comparison Survey, and recommended updates to the parks and trails, public facilities, transportation, storm drainage, and water capacity impact fees; and

**WHEREAS**, pursuant to the Mitigation Fee Act and other applicable state laws, the City Council makes the following findings, with specific findings for each development impact fee contained in the Nexus Study Update, hereto attached as Exhibit A and incorporated by reference:

1. Purpose of Fee: Pursuant to Section 66001(a)(1) of the Mitigation Fee Act, the development impact fees are designed to ensure that new development will not burden existing development in the City with the cost of public facilities and infrastructure improvements that are required to accommodate growth, specifically, public facilities and infrastructure relating to parks and trails, public facilities, transportation, storm drainage, and water capacity. The purpose of the fees is to provide a funding source from new development in the City for facilities and infrastructure to serve that development. The fees advance a legitimate City interest by enabling the City to provide facilities and improvements to serve new development in the City.
2. Use of Fee Revenues: Pursuant to Section 66001(a)(2) of the Mitigation Fee Act, the development impact fees will be used to expand the capacity of public facilities and infrastructure improvements to serve new development in the City. Fees will be used to fund projects located within the City limits. A list of planned facilities and improvements for each fee is listed in the Nexus Study Update. Fees will be expended solely and exclusively for the purposes identified in the Nexus Study Update and City's CIP and not for general revenue purposes.
3. Relationship Between Use of Fees and Type of Development Project: Pursuant to Section 66001(a)(3) of the Mitigation Fee Act, the City will restrict fee revenue to the acquisition of land, construction of public facilities and infrastructure improvements, and purchase of related capital equipment required to meet the demand for parks and trails, public facilities, transportation, storm drainage, and water capacity caused by new development. Projects funded by the fees will provide a citywide network of facilities and infrastructure that will be accessible to residents and workers associated with new development. Using the estimated project costs and prescribed allocation methodology for each fee, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used to correct existing deficiencies. A deficiency associated with existing development's share of the planned facilities and improvements will not be funded by impact fee revenue. Additional explanations of the reasonable relationship between the use of each fee and the development types on which they are

imposed is included within the Nexus Study Update and is hereby incorporated by this reference. Thus, a reasonable relationship exists between the use of fee revenue and the new development that will pay the fees.

4. Relationship Between Need for Public Facility and Type of Development Project: Pursuant to Section 66001(a)(4) of the Mitigation Fee Act, new residential and non-residential development will generate additional population growth. An increase in residents and workers will increase the demand for public facilities and infrastructure improvements. Facilities and infrastructure needs for each fee are based on standards that represent the demand generated by new development for those facilities and infrastructure. For each fee, demand is measured by a single facility standard (e.g., cost per capita or vehicle trip) that can be applied across land use types to ensure a reasonable relationship to the type of development. The standards vary by development types, and depending on the fee, facility or infrastructure design and demand factors. For the parks and trails and public facilities fees, a worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential uses.

The standards used to allocate facilities costs to new development is also used to determine if planned facilities and infrastructure will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share cost of planned facilities and infrastructure, and that the fees will not unfairly burden new development with the cost of improvements associated with serving the existing population. Additional explanations of the reasonable relationship between the need for the public facility and the type of development on which fees are imposed is included within the Nexus Study Update and is hereby incorporated by this reference.

5. Proportionality: Pursuant to Section 66001(b) of the Mitigation Fee Act, the reasonable relationship between each impact fee for a specific new development project and the cost of the facility and infrastructure improvements attributable to that project is based on the estimated demand for those improvements that are generated by the project. Fees for a specific project are based on the project's size. Larger development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. For each fee, the Nexus Study Update defines the assumptions that drive the proportionality of the fees between the land uses defined in this study.

As described in Section 13.28.080 of the City's Municipal Code and the recommended Development Impact Fee Schedule (Exhibit B), development projects that construct and dedicate public facilities or infrastructure improvements beyond their required obligation are potentially eligible to receive credit against their impact fees. Development projects can satisfy their obligations through a combination of fees, dedications, credits, or construction of improvements.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO, as follows:**

1. **FINDINGS.** The recitals set forth in this resolution are incorporated as findings and determinations by the City Council.
2. **CALIFORNIA ENVIRONMENTAL QUALITY ACT.** Approval of this Resolution is exempt from the requirements of the California Environmental Quality Act ("CEQA") because: it is not a project as it has no potential to result in direct or reasonably foreseeable indirect physical change to the environment (14 Cal. Code Regs. §15378(a)); and the project does not create a funding mechanism or other government fiscal activity that involve any commitment to a specific project whi may result in a potentially significant physical impact on the environment (14 Cal. Code Regs. §15378(b)(4)). Projects that may receive funding with development impact fees would be required to comply with applicable project-specific CEQA requirements at the time such projects are proposed for implementation.
3. **NEXUS STUDY UPDATE.** Pursuant to the Mitigation Fee Act and other applicable state laws, the City Council hereby adopts the Nexus Study Update, dated January 31, 2025, prepared by Willdan Financial Services, and attached hereto as Exhibit A and incorporated by reference; and
4. **UPDATED DEVELOPMENT IMPACT FEES.** Pursuant to the Mitigation Fee Act and other applicable state laws and Chapters 13.24 and 13.28 of the City of East Palo Alto Municipal Code, the City Council hereby adopts the updated park and trails, public facilities, storm drainage, and transportation, water capacity, and storm drainage development impact fees as prescribed in Exhibit B attached hereto and incorporated by reference.
5. **EFFECTIVE DATE.** The updated development impact fees shall be effective sixty (60) days after the adoption of this fee resolution and shall apply to all qualifying development projects, except for projects that have been issued a valid and active building permit by the City or are recognized as a vested project by the City before the effective date. Impact fees shall apply to new development projects, expansion of

existing buildings or structures, or a change of use that requires a planning approval or building permit.

6. **ANNUAL FEE ADJUSTMENT.** Beginning on July 1, 2026, and annually thereafter on July 1, development impact fees shall be automatically adjusted by the City Manager or designee, without further City Council action necessary, by a percentage equal to the change in the Construction Cost Index as most recently published by the Engineering New Record (20-Cities Average).
7. **SEVERABILITY.** If any section, subsection, clause or phrase of this Resolution is for any reason held to be unconstitutional, or otherwise invalid, such decision shall not affect the validity of the remaining sections hereof.
8. **NOTICE OF EXEMPTION.** The City Manager is authorized to file a Notice of Exemption for the updated development impact fees with the San Mateo County Clerk within five (5) working days of the date of the adoption of this fee resolution.

**PASSED AND ADOPTED this 4th day of March, 2025,** by the following vote:

**AYES:  
NOES:  
ABSENT:  
ABSTAIN:**

**SIGNED:**

\_\_\_\_\_  
Martha Barragan, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
James Colin, City Clerk

\_\_\_\_\_  
John D. Lê, City Attorney

**EXHIBIT A**

**CITY OF EAST PALO ALTO  
DEVELOPMENT IMPACT FEE NEXUS STUDY UPDATE**

**Prepared by Willdan Financial Services  
Revised: January 31, 2025**





# CITY OF EAST PALO ALTO

## DEVELOPMENT IMPACT FEE NEXUS STUDY UPDATE

PUBLIC REVIEW DRAFT

JANUARY 31, 2025



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# Executive Summary

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This report summarizes an analysis of development impact fees needed to support future development in the City of East Palo Alto through 2045. It is the City's intent that developers pay the cost of public facilities and infrastructure improvements necessitated by their development in the form of a development impact fee, also known as a public facilities fee, to the extent permitted by law. This study calculates the maximum justifiable fee schedule that can be charged to new development. As a policy decision to incentivize development, the City Council could choose to implement fees that are less than the maximum justified amounts in this study. Should the City Council adopt fees lower than the maximum justified amounts then either the City would need to use other funding sources to subsidize the facility needs of new development, or else service standards would decrease over time. The public facilities and improvements included in this analysis are divided into the fee categories listed below:

- Parks and Trails
- Public Facilities
- Citywide Transportation
- Ravenswood Business District (RBD) Transportation
- Water Capacity
- Storm Drainage

## Background and Study Objectives

The primary policy objective of a development impact fee program is to ensure that new development pays the capital costs associated with growth. The primary purpose of this report is to calculate fees that will enable the City to expand its inventory of public facilities, as new development creates increases in service demands.

The City imposes public facilities and infrastructure impact fees under authority granted by the *Mitigation Fee Act* (the *Act*), contained in *California Government Code* Sections 66000 *et seq.*, as recently amended by AB 602. This report provides the necessary findings required by the *Act* for adoption of the fees presented in the fee schedules contained herein.

Though not legally required, all development impact fee-funded capital projects are linked to the City's Capital Improvement Plan (CIP). Using a CIP can help the City identify and direct its fee revenue to public facilities projects that are required to accommodate future growth. By providing a nexus between fee revenues and specific capital projects, the City can help ensure a reasonable relationship between the impact of new development and the intended use and amount of fee revenues, as required by the *Mitigation Fee Act*.

## Facility Standards and Costs

There are several approaches typically used to calculate facilities standards and allocate the costs of planned facilities to accommodate growth in compliance with the *Mitigation Fee Act* requirements.

The **system plan** approach is based on a master facility plan in situations where the needed public facilities and infrastructure improvements to serve both existing and new development. To ensure rough proportionality, this approach allocates existing and planned facilities across existing and new development to determine new development's fair share of facility and infrastructure needs. This approach is used when it is not possible to differentiate the benefits of new public facilities between new and existing development, such as a fire station that will respond to calls from both existing and new development. Often the system plan is based on increasing facility standards, so the City must find non-impact fee revenue sources to fund existing development's fair share of planned facilities. This approach is used for the parks and trail, and public facility fees in this report.

The **planned facilities** approach allocates costs based on the ratio of planned public facilities that are necessitated by the increase in demand associated with new development. This approach is appropriate when specific planned facilities that only benefit new development can be identified, or when the specific share of facilities benefiting new development can be identified. Examples include street improvements to avoid deficient levels of service or a sewer trunk line extension to a previously undeveloped area. This approach is used for the transportation, water facilities and storm drainage facilities fees in this report.

The **buy-in method** is typically used when the existing system has sufficient capacity to serve new development now and into the future. Under the buy-in methodology, new development “buys” a proportionate share of existing capacity at the current value of the existing facilities. This approach is typically used for utility fees, where existing facilities are built with excess capacity to serve future development. This approach is used for a component of the water capacity fees in this report pertaining to the City’s existing water assets. The buy-in approach is not used for any other fee categories.

The **existing inventory** approach is based on a facility standard derived from the City’s existing level of facilities and existing demand for services. This approach results in no facility deficiencies attributable to existing development. This approach is often used when a long-range plan for new facilities is not available. Only the initial facilities to be funded with fees are identified in the fee study. Future facilities to serve growth will be identified through the City’s annual capital improvement plan and budget process and/or completion of a new facility master plan. This approach is not used in this report because the fee calculations are driven by facilities master plans, though the existing level of service is identified as appropriate to comply with provisions of AB 602.

## Use of Fee Revenues

The Mitigation Fee Act requires that this analysis “Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged.”<sup>1</sup> Each chapter in this report identifies the appropriate use of impact fee revenues for each impact fee category.

Impact fee revenue must be spent on new facilities or expansion of current facilities to serve new development. Facilities can be generally defined as capital acquisition items with a useful life greater than five years. Impact fee revenue can be spent on capital facilities to serve new development, including but not limited to land acquisition, construction of buildings, infrastructure, the acquisition of vehicles or equipment, information technology, software licenses and equipment.

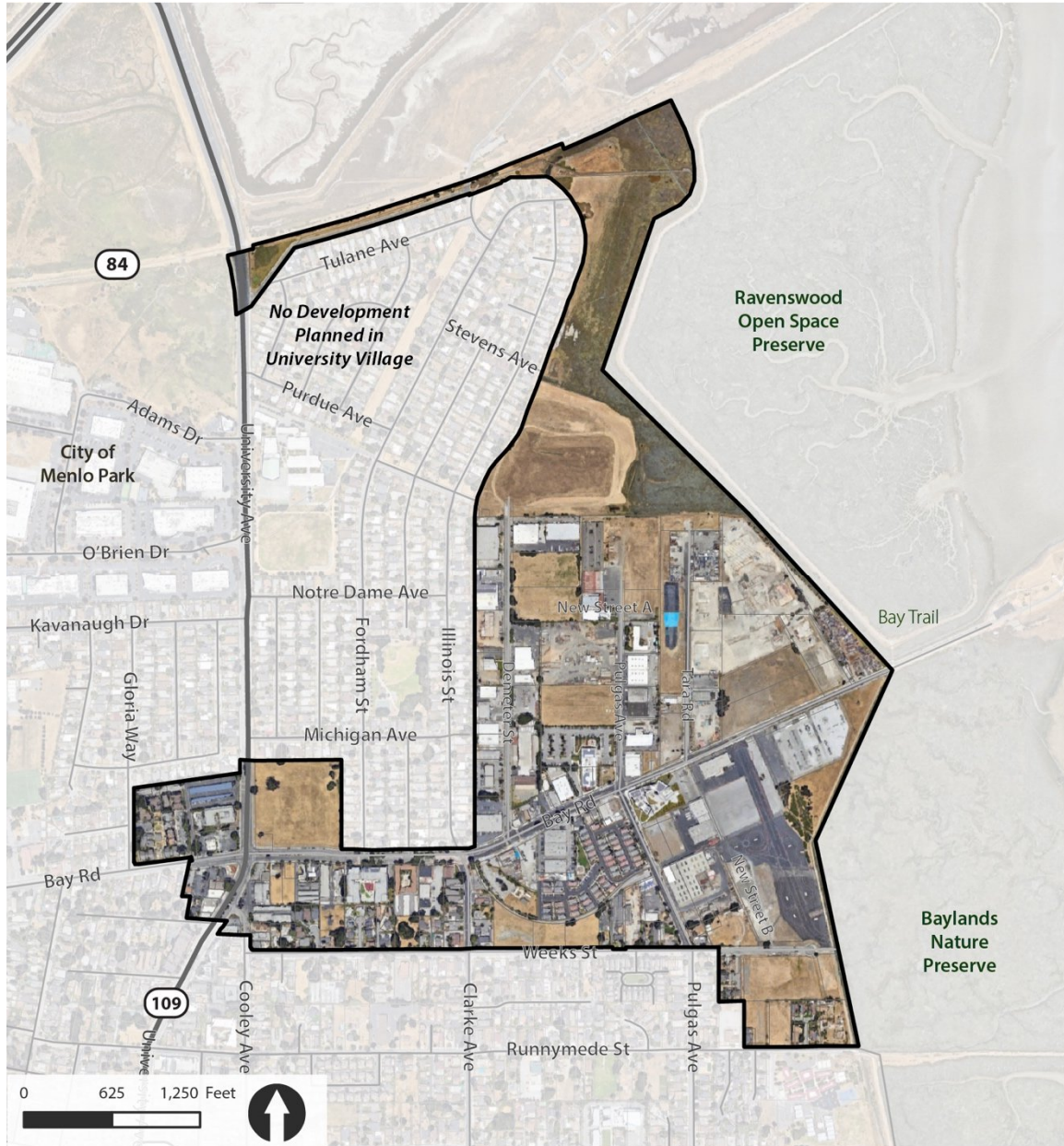
## Impact Fee Zones

In some cases, fees in this study are calculated for different geographies. The parks and trails facilities and public facilities impact fees are calculated Citywide because those facilities comprise a network of facilities that provide benefit to anyone in the City regardless of where they are located. However, the transportation infrastructure, water capacity, and storm drainage impact fees make a distinction between facilities needed to serve the Ravenswood Business District/4 Corners Specific Plan (RBD) area and the other non-RBD areas of the City. Consequently, growth projections are presented for the entire City (including RBD), and for RBD separately. **Figure 1** displays the RBD boundaries.

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<sup>1</sup> California Government Code §66001 (a) (2).

**Figure 1: Ravenswood Business District/4 Corners Specific Plan Boundaries**



## Development Impact Fee Schedule Summary

**Table E.1** summarizes the development impact fees that meet the City’s identified needs and comply with the requirements of the *Mitigation Fee Act*.

**Table E.2** summarizes the City’s current impact fee schedule, as of July 2024.

**Table E.1: Maximum Justified Development Impact Fee Schedule**

Land Use	Parks and Trails	Public Facilities	Citywide Transportation	RBD Transportation	Water <sup>1</sup>	Storm Drainage <sup>2</sup>	Administration <sup>3</sup>	Total
<b>Non RBD</b>								
<i>Residential per Sq. Ft.</i>								
Single Family	\$ 10.57	\$ 8.49	\$ 0.58	\$ -	\$ 4.52	Varies	\$ 0.24	\$ 24.40
Multifamily	14.69	11.80	0.64		5.45	Varies	0.33	32.91
<i>Nonresidential per Sq. Ft.</i>								
Retail	\$ 1.50	\$ 1.21	\$ 2.69	\$ -	Varies	Varies	\$ 0.05	\$ 5.45
Office and R&D	2.25	1.81	1.28	-	Varies	Varies	0.05	5.39
Industrial	0.90	0.72	0.80	-	Varies	Varies	0.02	2.44
<b>RBD</b>								
<i>Residential per Sq. Ft.</i>								
Single Family	\$ 10.57	\$ 8.49	\$ 0.58	\$ 2.14	\$ 2.72	Varies	\$ 0.25	\$ 24.75
Multifamily	14.69	11.80	0.64	2.40	3.27	Varies	0.33	33.13
<i>Nonresidential per Sq. Ft.</i>								
Retail	\$ 1.50	\$ 1.21	\$ 2.69	\$ 10.00	Varies	Varies	\$ 0.15	\$ 15.55
Office and R&D	2.25	1.81	1.28	4.75	Varies	Varies	0.10	10.19
Industrial	0.90	0.72	0.80	2.96	Varies	Varies	0.05	5.43

<sup>1</sup> Nonresidential water fee varies by meter size. Refer to Table 7.9 for more information.

<sup>2</sup> Storm drainage fee based on impervious surface. Refer to Table 8.4 for more information.

<sup>3</sup> Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 3.9, 4.7, 5.5, 6.6, 7.9 and 8.5.

**Table E.2: Current Impact Fee Schedule**

	Parks and Trails	Public Facilities	Storm Drain (RBD)	Storm Drain (Non-RBD)	Transportation	Water Capacity	Total (RBD)	Total (Non-RBD)
<i>Residential - Fees per Dwelling Unit</i>								
Single-Family	\$ 4,987	\$ 8,746	\$ 5,840	\$ 3,379	\$ 2,845	\$ 9,831	\$ 32,249	\$ 29,788
Townhouse	4,987	8,746	-	-	2,845	9,831	26,409	26,409
Multi-Family Housing	3,435	6,025	-	-	2,142	6,050	17,652	17,652
Detached ADU	1,995	3,498	2,336	1,351	1,138	6,050	15,017	14,032
<i>Nonresidential - Fees per Square Foot</i>								
Office/Research & Development	\$ 1.40	\$ 2.42	\$ -	\$ -	\$ 8.84	\$ -	\$ 12.66	\$ 12.66
Industrial	0.55	0.99	-	-	5.76	-	7.30	7.30
Retail	0.92	1.61	-	-	8.84	-	11.37	11.37
<i>Nonresidential - Fees per Impervious Acre</i>								
Other Non-Residential	\$ -	\$ -	\$ 146,007	\$ 84,467	\$ -	\$ -	\$ 146,007	\$ 84,467
<i>Nonresidential - Fees per Water Meter Size</i>								
Meter Size - 3/4"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,368	\$ 14,368	\$ 14,368
Meter Size - 1"	-	-	-	-	-	23,946	23,946	23,946
Meter Size - 1.5"	-	-	-	-	-	47,894	47,894	47,894
Meter Size - 2"	-	-	-	-	-	76,629	76,629	76,629

Source: City of East Palo Alto Comprehensive Fee Schedule, Effective July 1, 2024.

## Other Funding Needed

Impact fees may only fund the share of public facilities related to new development in East Palo Alto. They may not be used to fund the share of facility needs generated by existing development or by development outside of the City. As shown in **Table E.3**, approximately \$200 million in additional funding will be needed to complete the facility projects associated with new development projects that the City currently plans to develop. The “Additional Funding Required” column shows non-impact fee funding required to fund a share of the improvements partially funded by impact fees. Non-fee funding is needed because these facilities are needed partially to remedy existing deficiencies and partly to accommodate new development.

The City will need to develop alternative funding sources to fund existing development’s share of the planned facilities. Existing development’s share must be funded with any funding source other than impact fee revenue. Potential sources of revenue include but are not limited to existing or new general fund revenues, existing or new taxes, special assessments, and grants.

**Table E.3: Non-Impact Fee Funding Required**

<b>Fee Category</b>	<b>Net Project Cost</b>	<b>Development Fee Revenue</b>	<b>Additional Funding Required</b>
Parks and Trails	\$ 89,743,000	\$ 57,203,152	\$ 32,539,848
Public Facilities	120,300,000	45,965,096	74,334,904
Citywide Transportation	21,470,203	8,574,073	12,896,130
RBD Transportation	26,924,274	21,287,735	5,636,539
Water	66,332,000	24,480,850	41,851,150
Storm Drainage	78,589,000	45,890,900	32,698,100
<b>Total</b>	<b>\$ 403,358,477</b>	<b>\$ 203,401,806</b>	<b>\$ 199,956,671</b>

Sources: Tables 3.7, 4.6, 5.3, 6.3, 7.4, and 8.4.

# 1. Introduction

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This report presents an analysis of the need for public facilities to accommodate new development in the City of East Palo Alto. This chapter provides background for the study and explains the study approach under the following sections:

- Organization of the Report;
- Public Facilities Financing in California;
- Study Objectives;
- Fee Program Maintenance; and
- Study Methodology.

## Organization of the Report

The determination of a development impact fee begins with the selection of a planning horizon and development of growth projections for population and employment. These projections are used throughout the analysis of different facility categories and are summarized in Chapter 2.

Chapters 3 through 8 identify facility standards and planned facilities, allocate the cost of planned facilities between new development and existing development, and identify the appropriate development impact fee for each of the following facility categories:

- Parks and Trails
- Public Facilities
- Citywide Transportation
- RBD Transportation
- Water
- Storm Drainage

Chapter 9 describes how this study complies with the requirements of AB 602.

Chapter 10 details the procedures that the City must follow when implementing a development impact fee program. Impact fee adoption procedures are found in *California Government Code* Sections 66016 through 66018.

## Public Facilities Financing in California

The changing fiscal landscape in California during the past 45 years has steadily undercut the financial capacity of local governments to fund infrastructure. Four dominant trends stand out:

- The passage of a string of tax limitation measures, starting with Proposition 13 in 1978 and continuing through the passage of Proposition 218 in 1996;
- Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses;
- Unfunded state and federal mandates; and
- Steep reductions in federal and state assistance.

Faced with these trends, many cities and counties have had to adopt a policy of “growth pays its own way.” This policy shifts the burden of funding infrastructure expansion from existing ratepayers and taxpayers onto new development. This funding shift has been accomplished primarily through the imposition of assessments, special taxes, and development impact fees also known as public facilities fees. Assessments and special taxes require the approval of all property owners and are appropriate when the funded facilities are directly related to the real property. Development impact

fees, on the other hand, are an appropriate funding source for facilities that benefit all development within the identified impact fee geography.

## Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. *Policy 3.1* of the City's General Plan states "**New development**. Require new development to pay its fair share of required improvements to public facilities and services through impact fees or other financial and regulatory mechanisms." The primary purpose of this report is to update the City's impact fees based on the most current available facility plans, project cost estimates, and growth projections. The proposed fees will enable the City to expand its inventory of public facilities necessitated by new development. This report supports the General Plan policy stated above.

The City imposes public facilities fees under authority granted by the Mitigation Fee Act (the Act), contained in California Government Code Sections 66000 et seq., as recently amended. This report provides the necessary findings required by the Act for the adoption of the fees presented in the fee schedules presented in this report.

East Palo Alto is forecast to have moderate growth through this study's planning horizon of 2045. This growth will create an increase in demand for public services and the facilities required to deliver them. Given the revenue challenges described above, East Palo Alto enacted a development impact fee program for water capacity improvements in 2018 and transportation infrastructure, parks and trails, public facilities, and storm drainage improvements in 2019 to ensure that new development funds its share of facility costs associated with growth. This report makes use of the most current available growth forecasts and capital facilities planning documents to update the City's existing fee program to ensure that the fee program accurately represents the facility needs resulting from new development.

## Guiding Documents

This analysis uses but is not limited to data from the following documents as the basis of the fee calculations:

- General Plan (2016): Informs land use assumptions and provides policy guidance.
- Ravenswood Business District / 4 Corners Specific Plan Update (2024): Informs land use assumptions and provides policy guidance. City staff expect that the City Council will review the draft document prior to this nexus study and implementing resolution.
- Ten Year Capital Improvement Program (CIP) Update FY 2024-2025 Capital Budget (2024): Identifies planned facilities, costs, and other identified funding for capital projects.
- Parks Master Plan (2023): Identifies capital needs related to parks and trails
- Water System Master Plan (2022): Identifies capital needs related to water facilities. Also identifies flow generation assumptions used to allocated fee responsibility.
- Storm Drainage Master Plan (2014): Identifies capital needs related to storm drain facilities. Also identifies impervious surface assumptions used to allocated fee responsibility.
- East Palo Alto City Facilities Master Plan Report (2021): Identifies capital needs related to City administration, corporation yard and police facilities.
- East Palo Alto Library Needs Assessment (2017): Identifies capital needs related to library facilities.
- RBD Transportation Impact Analysis (2023): Identifies capital needs related to RBD transportation projects.

- RBD Utilities Infrastructure Study (2023): Identifies capital needs related to RBD utilities projects.

## Fee Program Maintenance

Once a fee program has been adopted it must be properly maintained to ensure that the revenue collected adequately funds the facilities needed by new development. To avoid collecting inadequate revenue, the inventories of existing facilities and costs for planned facilities must be updated periodically for inflation, and the fees recalculated to reflect the higher costs. The use of established indices for each facility included in the inventories (land, buildings, and equipment), such as the *California Construction Cost Index*, is necessary to accurately adjust the impact fees.

While fee updates using inflation indices are appropriate for annual or periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, it is recommended to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available. For further detail on fee program implementation, see Chapter 10.

## Administrative Costs

The administration of an impact fee program to comply with the requirements of the Mitigation Fee Act imposes costs on the City for capital budgeting, fee adjustments, mandated annual reports and 5-year reviews of the impact fee program, as well as periodic impact fee update studies and legal review. It is common practice in California for cities to add a small administrative charge to impact fees to cover those costs. These costs are primarily City staff costs necessary to administer the impact fee program.

This study assumes 1% of the maximum justified fee to estimate the administrative costs associated with the fee program. To validate this assumption, Willdan reviewed the administrative costs associated with other cities in California in FY2022-23. Those costs ranged from 1.32% to 1.52% of collected impact fee revenue in the other jurisdictions. Thus, the assumed 1.0% of fee revenue is conservative.

## Study Methodology

Development impact fees are calculated to fund the cost of facilities required to accommodate growth. The six steps followed in this development impact fee study include:

1. **Estimate existing development and future growth:** Identify a base year for existing development and a growth forecast that reflects increased demand for public facilities;
2. **Identify facility standards:** Determine the facility standards used to plan for new and expanded facilities;
3. **Determine facilities required to serve new development:** Estimate the total amount of planned facilities, and identify the share required to accommodate new development;
4. **Determine the cost of facilities required to serve new development:** Estimate the total amount and the share of the cost of planned facilities required to accommodate new development net of other identified funding;
5. **Calculate fee schedule:** Allocate facilities costs per unit of new development to calculate the development impact fee schedule; and
6. **Identify alternative funding requirements:** Determine if any non-fee funding is required to complete projects.

The key public policy issue in development impact fee studies is the identification of facility standards (step #2, above). Facility standards document a reasonable relationship between new development and the need for new facilities. Standards ensure that new development does not fund deficiencies associated with existing development.

## Types of Facility Standards

There are three separate components of facility standards:

- ◆ *Demand standards* determine the amount of facilities required to accommodate growth, for example, park acres per thousand residents, square feet of library space per capita, or gallons of water per day. Demand standards may also reflect a level of service such as the vehicle volume-to-capacity (V/C) ratio used in traffic planning.
- ◆ *Design standards* determine how a facility should be designed to meet expected demand, for example, park improvement requirements and technology infrastructure for City office space. Design standards are typically not explicitly evaluated as part of an impact fee analysis but can have a significant impact on the cost of facilities. Our approach incorporates the cost of planned facilities built to satisfy the City’s facility design standards.
- ◆ *Cost standards* are an alternate method for determining the amount of facilities required to accommodate growth based on facility costs per unit of demand, such as service population, vehicle trips, water flow generation or impervious surface. *Cost standards* are useful when demand standards were not explicitly developed for the facility planning process. *Cost standards* also enable different types of facilities to be analyzed based on a single measure (cost or value) and are useful when different facilities are funded by a single fee program. Examples include facility costs per capita, cost per vehicle trip, or cost per gallon of water per day.

## New Development Facility Needs and Costs

A number of approaches are used to identify facility needs and costs to serve new development. This is often a two-step process: (1) identify total facility needs, and (2) allocate to new development its fair share of those needs.

There are several common methods for determining new development’s fair share of planned facilities costs: the **system plan method**, the **planned facilities method**, the **buy in method** and the **existing inventory method**. The formula used by each approach and the advantages and disadvantages of each method is summarized below:

### *System Plan Method*

This method calculates the fee based on the value of existing facilities plus the cost of planned facilities, divided by demand from existing plus new development:

$$\frac{\text{Value of Existing Facilities} + \text{Cost of Planned Facilities}}{\text{Existing} + \text{New Development Demand}} = \text{cost per unit of demand}$$

This method is useful when planned facilities need to be analyzed as part of a system that benefits both existing and new development. It is difficult, for example, to allocate a new fire station solely to new development when that station operates as part of an integrated system of fire stations that together achieve the desired level of service.

The system plan method ensures that new development does not pay for existing deficiencies. Often facility standards based on policies such as those found in General Plans are higher than the existing facility standards. This method enables the calculation of the existing deficiency required to bring existing development up to the policy-based standard. The local agency must secure non-

fee funding for that portion of planned facilities required to correct the deficiency to ensure that new development receives the level of service funded by the impact fee. This approach is used for the parks and trail, and public facility fees in this report so that new development can fund its fair share of the future level of service indicated by the planned facilities..

***Planned Facilities Method***

The planned facilities method allocates costs based on the ratio of planned facility costs to demand from new development as follows:

$$\frac{\text{Cost of Planned Facilities}}{\text{New Development Demand}} = \text{cost per unit of demand}$$

This method is appropriate when planned facilities will entirely serve new development, or when a fair share allocation of planned facilities to new development can be estimated. An example of the former is a wastewater trunk line extension to a previously undeveloped area. An example of the latter is a portion of a roadway that has been identified as necessary to mitigate the impact from new development through traffic modeling analysis. Under this method new development will fund the expansion of facilities at the standards used in the applicable planning documents. This approach is used for the transportation, water capacity and storm drainage facility fees in this report because the share of facilities needed to accommodate growth can be identified.

***Buy-In Method***

The buy-in method is based on the value of the existing system’s capacity. This method is typically used when the existing system has sufficient capacity to serve new development now and into the future. Under the buy-in methodology, new development “buys” a proportionate share of existing capacity at the current value of the existing facilities.

The buy-in fee is determined by taking the current value of assets (replacement cost new, less depreciation) divided by the current capacity provided by the system. Responsibility for new capital improvements is then shared equally by all customers. A simplified version of the calculation equation is:

$$\frac{\text{Present Value of Existing Facilities}}{\text{Existing System Capacity}} = \text{cost per unit of demand}$$

This approach is typically used for utility fees, where existing facilities are built with excess capacity to serve future development. This approach is used for a component of the water capacity fees in this report pertaining to the City’s existing water assets. The buy-in approach is not used for any other fee categories.

***Existing Inventory Method***

The existing inventory method allocates costs based on the ratio of existing facilities to demand from existing development as follows:

$$\frac{\text{Current Value of Existing Facilities}}{\text{Existing Development Demand}} = \text{cost per unit of demand}$$

Under this method new development will fund the expansion of facilities at the same standard currently serving existing development. By definition the existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Only the initial facilities to be funded with fees are identified in the fee study. Future facilities to serve growth are identified through an annual capital improvement plan and budget process, possibly after completion of a new facility master plan. This approach is not used to calculate fees in this report, though the existing level of service is identified to comply with AB 602.

## 2. Growth Forecasts

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Growth projections are used as indicators of demand to determine facility needs and allocate those needs between existing and new development. This chapter explains the source for the growth projections used in this study based on a 2023 base year and a planning horizon of 2045.

Estimates of existing development and projections of future growth are critical assumptions used throughout this report. These estimates are used as follows:

- The estimate of existing development in 2023 is used as an indicator of existing facility demand and to determine existing facility standards.
- The estimate of total development at the 2045 planning horizon is used as an indicator of future demand to determine total facilities needed to accommodate growth and remedy existing facility deficiencies, if any.
- Estimates of growth from 2023 through 2045 are used to (1) allocate facility costs between new development and existing development, and (2) estimate total fee revenues.

The demand for public facilities is based on the service population, dwelling units or nonresidential development creating the need for the facilities.

### Land Use Types

To ensure proportionality between each fee and the impact of development by type of development, growth projections distinguish between different land use types. The land use types that impact fees have been calculated for are defined below.

- **Single Family Residential:** Detached and attached one-unit dwellings. Fees are calculated per square foot of living space.
- **Multifamily Residential:** All attached multifamily dwellings including duplexes and condominiums. Fees are calculated per square foot of living space, excluding common areas and garages.
- **Retail:** All commercial, retail, and educational development.
- **Office and Research & Development:** All general, professional, medical, and R&D office development.
- **Industrial:** All manufacturing and other industrial development, warehouse and distribution center development

Some developments may include more than one land use type, such as a mixed-use development with both residential and commercial uses. Another similar situation would be a warehousing facility that contains office space. In those cases, the facilities fee would be calculated separately for each land use type included within the building.

The City has the discretion to determine which land use type best reflects a development project's characteristics for purposes of imposing an impact fee and may adjust fees for special or unique uses to reflect the impact characteristics of the use.

### Impact Fee Zones

To ensure the requisite nexus between the fee and the development, in some cases, fees in this study are calculated for different geographies. The parks and trail facilities and public facilities fees are calculated Citywide because those facilities comprise a network of facilities that provide benefit

to anyone in the City regardless of where they are located. However, the transportation facilities, water facilities and storm drainage facilities fees make a distinction between facilities needed to serve the Ravenswood Business District/4 Corners Specific Plan Area (RBD) and the other non RBD areas of the City. Consequently, growth projections are presented for the entire City (including RBD), and for RBD separately.

## Existing and Future Development - Citywide

**Table 2.1** shows the estimated number of residents, dwelling units, employees, and building square feet in East Palo Alto, both in 2023 and in 2045. The base year estimates of residents and dwelling units come from the California Department of Finance. The projected population increase was estimated by multiplying the estimated increase in dwelling units by current occupancy density assumptions of 3.79 residents per single family unit and 2.71 residents per multifamily unit, based on data from the US Census' American Community Survey. The projected increase in dwelling units is consistent with the non-RBD increase in dwelling units from City of East Palo Alto Development Impact Fee Program Nexus Study, 2019, plus the projected increase in dwelling units from Ravenswood Specific Plan Update.

Base year employees were estimated based on data obtained from the U.S. Census Bureau's OnTheMap Application. The projected Citywide increase in employment is based on the non-RBD increase in building square feet from the 2019 Nexus Study, plus the projected increase in employment from the Ravenswood Specific Plan Update shown in Table 2.2.

Base year nonresidential building square feet estimated were by Raimi and Associates as part of the RBD Specific Plan Update. The increase in building square feet is based on the increase in building square feet from the 2019 Nexus Study for non-RBD development plus the increase in square feet from the Ravenswood Specific Plan Update, also shown in Table 2.2.

**Table 2.1: Existing and New Development - Citywide**

	2023	2045	Increase
<u>Residents</u> <sup>1</sup>	28,430	38,402	9,972
<u>Dwelling Units</u> <sup>2</sup>			
Single Family	4,732	5,725	993
Multifamily	3,409	5,700	2,291
Total	8,141	11,425	3,284
<u>Employment</u> <sup>3</sup>			
Retail	1,799	2,356	557
Office and R&D	2,560	12,658	10,098
Industrial	323	648	325
Total	4,682	15,661	10,979
<u>Building Square Feet (000s)</u> <sup>3</sup>			
Retail	550	883	333
Office and R&D	725	4,764	4,039
Industrial	200	525	325
Total	1,475	6,172	4,697

<sup>1</sup> 2023 population and dwelling units identified in Table E-5, from the California Department of Finance. Population increase estimated by multiplying increase in dwelling units by current occupancy density assumptions of 3.79 residents per single family unit and 2.71 residents per multifamily unit, based on ACS data. Increase in dwelling units based on non-RBD increase in dwelling units from City of East Palo Alto Development Impact Fee Program Nexus Study, 2019, plus projected increase in dwelling units from Ravenswood Specific Plan Update.

<sup>2</sup> Current estimates of primary jobs from the US Census' OnTheMap. Increase in employment based on non-RBD increase in building square feet from the 2019 Nexus Study, plus projected increase in from Ravenswood Specific Plan Update shown in Table 2.2.

<sup>3</sup> Base year building square feet estimated by Raimi and Associates. Increase in building square feet identified in 2019 Nexus Study for non-RBD development plus increase in square feet from the Ravenswood Specific Plan Update.

Sources: California Department of Finance, Table E-5, 2023; Ravenswood Specific Plan Update Transportation Analysis; OnTheMap Application, <http://onthemap.ces.census.gov>; Table 2.3, Raimi and Associates; Willdan Financial Services.

## Existing and Future Development - RBD

**Table 2.2** shows the estimated number of residents, dwelling units, employees, and building square feet in RBD, both in 2023 and in 2045. The base year estimates of dwelling units were provided by Raimi and Associates. The dwelling units were multiplied by the estimates of current occupant density by type of unit to estimate current population. The projected population increase was estimated by multiplying the estimated increase in dwelling units from the Specific Plan growth scenario by the same occupancy density assumptions.

Base year employees were estimated based on data obtained from the U.S. Census Bureau's OnTheMap Application. The projected increase in employment is based on the projected increase in building square feet, and the occupancy density assumptions from **Table 2.3**.

Base year nonresidential building square feet estimated were by Raimi and Associates as part of the RBD Specific Plan Update. The increase in building square feet is also consistent with the RBD Specific Plan Update.

**Table 2.2 : Existing and New Development - RBD  
(3.35m Square Feet Scenario)**

	2023	2045	Increase
<i>Residents</i> <sup>1</sup>	1,168	5,504	4,336
<i>Dwelling Units</i> <sup>1</sup>			
Single Family	203	203	-
Multifamily	147	1,747	1,600
Total	350	1,950	1,600
<i>Employment</i> <sup>2</sup>			
Retail	95	283	188
Office and R&D	533	8,871	8,338
Industrial	120	445	325
Total	748	9,599	8,851
<i>Building Square Feet (000s)</i> <sup>3</sup>			
Retail	125	237	112
Office and R&D	200	3,535	3,335
Industrial	125	450	325
Total	450	4,222	3,772

<sup>1</sup> Base year dwelling units identified by Raimi and Associates. Assumes same proportion of single family to multifamily in RBD as Citywide. Projection of dwelling units based on Ravenswood Specific Plan Update Transportation Analysis. Population estimated by multiplying increase in dwelling units by current occupancy density assumptions of 3.79 residents per single family unit and 2.71 residents per multifamily unit, based on ACS data.

<sup>2</sup> Current estimates of primary jobs from the US Census' OnTheMap. Projection based on increase in building square feet from the Ravenswood Specific Plan Update Transportation Analysis and occupancy density assumptions from Table 2.3.

<sup>3</sup> Base year building square feet estimated by Raimi and Associates. Increase in building square feet identified in feet from the Ravenswood Specific Plan Update Transportation Analysis.

Sources: Ravenswood Specific Plan Update Transportation Analysis; OnTheMap Application, <http://onthemap.ces.census.gov>; Raimi and Associates; Table 2.3, Willdan Financial Services.

## Occupant Densities

All fees in this report are calculated based on dwelling units or building square feet. Occupant density assumptions ensure a reasonable relationship between the size of a development project, the increase in service population associated with the project, and the amount of the fee.

Occupant densities (residents per dwelling unit or workers per building square foot) are the most appropriate characteristics to use for most impact fees. The fee imposed should be based on the land use type that most closely represents the probable occupant density of the development.

The average occupant density factor used in this report is shown in Table 2.3.

The residential density factors are calculated based on the latest available data from the American Community Survey for the City of East Palo Alto. The assumptions of average square feet per type of dwelling unit are divided by the dwelling unit density assumptions to determine square feet of living space per person, by type of unit. These figures are used to calculate the fees per square foot of living space for the parks and trail facilities and public facilities fees.

The nonresidential occupancy factors are derived from data from the City’s General Plan Update and are consistent with assumptions from the RBD Specific Plan Update.

**Table 2.3: Occupant Density**

	<b>Persons per Unit or 1,000 Sq. Ft.</b>	<b>Square Feet per Unit</b>	<b>Square Feet per Person</b>
<i>Residential</i>			
Single Family	3.79	1,700	449
Multifamily	2.71	875	323
<i>Nonresidential</i>			
Retail	1.67	1,000	600
Office and R&D	2.50	1,000	400
Industrial	1.00	1,000	1,000

Sources: U.S. Census Bureau, 2022 American Community Survey 5-Year Estimates, Tables B25024 and B25033; East Palo Alto General Plan Update (Water Supply Assessment), Raimi + Associates; Willdan Financial Services.

# 3. Parks and Trail Facilities

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The following chapter documents the nexus analysis, demonstrating the need for new parks and trail facilities demanded by new development.

## Service Population

Parks and trail facilities in East Palo Alto serve residents and workers. Therefore, demand for services and associated facilities are based on the City's service population including residents and workers.

**Table 3.1** shows the existing and future projected service population for parks and trail facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.19-weighting factor for workers is based on an assumption that workers work from home on average 32% of the time. This assumption is the percentage of full paid days working from home for the San Francisco Bay Area in 2024 as identified in the U.S. Survey of Working Arrangements and Attitudes (SWAA) data. The 27.2-hour onsite workweek is divided by the total number of non-onsite work hours in a week (140.8) and the resulting weighting factor reflects the degree to which workers create demand for these types of facilities. Data from ABAG's 2050+ Plan Update corroborates the SWAA conclusion and states that share of work from home time was about 31% in 2023.<sup>2</sup>

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<sup>2</sup>[https://planbayarea.org/sites/default/files/meetings/attachments/6012/6a11\\_24\\_0557\\_PowerPoint\\_Plan\\_Bay\\_Area\\_2050\\_Draft\\_Blueprint\\_Key\\_Findings\\_0.pdf](https://planbayarea.org/sites/default/files/meetings/attachments/6012/6a11_24_0557_PowerPoint_Plan_Bay_Area_2050_Draft_Blueprint_Key_Findings_0.pdf).

**Table 3.1: Parks and Trail Facilities Service Population**

	A Persons	B Weighting Factor	A x B = C Service Population
<i>Residents</i>			
Existing (2023)	28,430	1.00	28,430
New Development (2023-2045)	9,972	1.00	9,972
Total (2045)	38,402		38,402
<i>Workers<sup>1</sup></i>			
Existing (2023)	4,682	0.19	890
New Development (2023-2045)	10,979	0.19	2,086
Total (2045)	15,661		2,976
<i>Combined</i>			
Existing (2023)			29,320
New Development (2023-2045)			12,058
Total (2045)			41,378

<sup>1</sup> Workers are weighted at 0.19 of residents based on an analysis of work from home trends in the San Francisco Bay Area. Assumes that workers work from home on average 32% of the time, and are onsite 68% of the time, based on U.S. Survey of Working Arrangements and Attitudes (SWAA) data for the San Francisco Bay Area in 2024.

Sources: Table 2.1, Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731; Willdan Financial Services.

## Existing Park Inventory

The City of East Palo Alto owns and maintains several parks throughout the city. **Table 3.2** summarizes the City’s existing parkland inventory in 2023. All facilities are located within the city limits. In total, the inventory includes a total of 23.89 acres of improved parkland.

**Table 3.2: Existing Park Inventory**

Name	Developed Acres
Jack Farrell Park	3.73
Pocket Park at Newbridge	0.14
Bell Street Park	2.56
Joel Davis Memorial Park	1.94
Martin Luther King Jr. Park	5.49
Cooley Landing	10.03
Total	23.89

Source: East Palo Alto, Parks, Recreation, and Open Space Master Plan, Final Draft, March 24, 2023.

## Parkland and Park Facilities Unit Costs

**Table 3.3** displays the unit costs necessary to acquire and improve parkland in East Palo Alto. The land cost assumption is based on the City’s assumed cost to acquire an acre of land for a library. An estimate of \$1,200,000 per acre for standard parkland improvements is based on the identified life cycled replacement cost estimate from the City’s recent Parks Master Plan. In total, it is assumed to cost \$4.5 million to acquire and improve an acre of parkland in East Palo Alto.

**Table 3.3: Park Facilities Unit Costs**

	Cost Per Acre	Share of Total Costs
Standard Park Improvements	\$ 1,200,000	27%
Land Acquisition	3,260,000	73%
Total Cost per Acre	\$ 4,460,000	100%

<sup>1</sup> Based life cycle replacement cost estimates (Tier A) identified in Table 4-8 of the East Palo Alto Parks Master Plan.

Sources: East Palo Alto, Parks, Recreation, and Open Space Master Plan, Final Draft, March 24, 2023, Willdan Financial Services.

**Table 3.4** displays the replacement cost of the City’s existing park facilities. The total cost per acre from **Table 3.3** is multiplied by the total existing improved acres from **Table 3.2** to determine the replacement cost of the City’s parks.

**Table 3.4: Replacement Cost of Existing Park Facilities**

Park Acres	23.89
Replacement Cost per Acre	\$ 4,460,000
Total Replacement Cost	\$ 106,549,400

Sources: Tables 3.2 and 3.3.

## Planned Facilities

**Table 3.5** displays the City’s planned parks and trail facilities. These facilities were identified in the City’s Parks, Recreation, and Open Space Master Plan. The planned facilities will serve both existing and new development Citywide. The cost of these facilities, net of existing identified funding is \$89.7 million.

**Table 3.5: Planned Parks and Trail Facilities**

Project		Total Cost	Funded	Net Cost
Number	Project Name			
PK-04	MLK JR Park Expansion	\$21,000,000	\$ -	\$21,000,000
PK-06	New Trails and Sidewalks in Ravenswood	15,000,000	-	15,000,000
PK-07	San Francisquito Park and Trail	5,108,000	-	5,108,000
PK-08	Jack Farrell Park Improvements	2,421,000	115,000	2,306,000
PK-09	Baylands Park	4,400,000	-	4,400,000
PK-10	Bell Street Park Improvements	16,000,000	-	16,000,000
PK-11	New Parks in Ravenswood/4 Corners Area	22,300,000	-	22,300,000
PK-12	Hetch Hetchy Aqueduct Linear Park	3,100,000	-	3,100,000
PK-14	Park Fitness Equipment Installation	95,000	-	95,000
PK-20	Rutgers Trail Gate	100,000	50,000	50,000
PK-21	Pocket Park at Newbridge	384,000	-	384,000
Total		\$89,908,000	\$ 165,000	\$89,743,000

Source: City of East Palo Alto Ten Year Capital Improvement Program (CIP) Update FY 2024-2025 .

## Cost Allocation

### Existing Level of Service

**Table 3.6** expresses the City’s current parks and trail facilities level of service in terms of an existing cost per capita. This cost per capita is not used in the fee calculation, rather it is shown here for informational purposes only. Once the planned facilities have been constructed and new development has increased the City’s service population the resulting facility cost per capita will be higher than the cost per capita shown in Table 3.6. The increased facility standard is needed to ensure that the City can fund the planned parks and trail facilities identified in Table 3.5.

**Table 3.6: Existing Level of Service**

Value of Existing Facilities	A	\$ 106,549,400
Existing Service Population	B	29,320
Existing Cost per Capita	$C = A / B$	\$ 3,634

Sources: Table 3.1 and 3.4.

### Future Level of Service

**Table 3.7** shows new development’s projected per capita investment in parks and trail facilities at the planning horizon. This level of service drives the fee calculation. This value is calculated by dividing cost of existing and planned facilities by the projected service population at the planning horizon.

Fees calculated using the system standard approach ensure that both existing and future service populations will have contributed the same amount per capita at the planning horizon. The new facilities and the existing facilities will serve both existing and new development, so it is appropriate to allocate costs to both existing and new development. Existing development’s proportional share of these facility costs is also referred to as an “existing deficiency.” Existing deficiencies cannot be funded with impact fee revenue.

**Table 3.7: Parks and Trail Facilities System Standard**

Value of Existing Facilities	A	\$ 106,549,400
Cost of Planned Facilities	B	89,743,000
Total System Value (2045)	$C = A + B$	\$ 196,292,400
Future Service Population (2045)	D	41,378
Cost per Capita	$E = C / D$	\$ 4,744
Cost per Worker	$F = E \times \text{Worker Weighting Factor}$	901

Sources: Tables 3.1, 3.4, 3.5.

### Use of Fee Revenue

The City can use parks and trail facilities fee revenues for the construction or purchase of buildings, land, vehicles and equipment that are part of the system of parks and trail facilities serving new development. A list of planned facilities is included in Table 3.5.

### Non-Fee Funding Required

Completing the planned facilities will provide a higher value of facilities per capita than is currently provided in East Palo Alto. Impact fee revenue may not be used to increase the level of service provided to existing development. Therefore, impact fee revenue will not fully fund the planned parks and trail facilities and some non-fee funding will be required. **Table 3.8** shows the projected

fee revenue representing new development’s share of facility costs, and the non-fee funding required through 2045 needed to correct existing deficiencies. After accounting for the projected future impact fee revenue, approximately \$32.5 million in non-fee funding will be needed to complete the planned parks and trail facilities. The City will need to use alternative funding sources to fund existing development’s share of the planned facilities. Potential sources of revenue include but are not limited to existing or new general fund revenues, existing or new taxes, special assessments, and grants.

New development’s contribution to the value of the entire system of facilities at the planning horizon (including existing plus future facilities) is equal to new development’s proportional share of service population at the planning horizon.

**Table 3.8: Projected Fee Revenue**

Projected Service Population Growth	12,058
Cost per Capita	4,744
Projected Fee Revenue	\$ 57,203,152
Net Project Cost	\$ 89,743,000
Projected Fee Revenue	57,203,152
Existing Deficiency	\$ 32,539,848

Sources: Tables 3.1, 3.4, 3.5.

## Fee Schedule

**Table 3.9** shows the maximum justified parks and trail facilities fee schedule. The cost per capita is converted to a fee per square foot of new development based on the square feet per person assumptions shown in Table 2.3.

**Table 3.9: Parks and Trail Facilities Fee Schedule**

Land Use	A	B	C = A / B	
	Cost per Capita	Sq. Ft. per Capita	Fee per Sq. Ft.	
<i>Residential</i>				
Single Family	\$ 4,744	449	\$	10.57
Multifamily	4,744	323		14.69
<i>Nonresidential</i>				
Retail	\$ 901	600	\$	1.50
Office and R&D	901	400		2.25
Industrial	901	1,000		0.90

Sources: Tables 2.3 and 3.7.

## Mitigation Fee Act Findings

The five statutory findings required for adoption of the parks and trail facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the Act.

### Purpose of Fee

- ♦ *Identify the purpose of the fee (§66001(a)(1) of the Act).*

The parks and trail facilities fee is designed to ensure that new development will not burden the existing service population with the cost of parks and trail facilities required to accommodate growth. The purpose of the fees documented in this chapter is to provide a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide parks and trails to serve new development.

### 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. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).*

Parks and trail facilities fees, if enacted by the City, would be used to fund expanded parks and trails to serve new development Citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned parks and trails projects is included in Table 3.5 which were sourced from the City's CIP.

### Benefit Relationship

- ♦ *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the residents and workers associated with new development, who represent demand for parks and trails facilities. Using the system plan cost allocation methodology outlined in Chapter 1, and the cost per capita standard calculated in Table 3.7, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used to correct existing deficiencies. A deficiency associated with existing development's share of the planned facilities is identified in Table 3.8, which will not be funded by impact fee revenue. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

### Burden Relationship

- ♦ *Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

New residential and nonresidential development will generate additional population growth. An increase in residents and workers will increase the demand for parks and trail facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the parks and trail facilities fee, demand is measured by a single facility standard (cost per capita at the planning horizon) that can be applied across land use types to

ensure a reasonable relationship to the type of development. The service population standards are calculated based upon the number of residents associated with residential development and the number of workers associated with non-residential development. To calculate a single, per capita standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development. See the *Service Population* section above for a discussion of the worker weighting factor.

The standard used to allocate facilities costs to new development is also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

## Proportionality

- ◆ *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated residential and nonresidential population growth the project will accommodate. Fees for a specific project are based on the project's size. Larger development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 2.3 for the occupancy density assumptions that ensure proportionality of the fees between the land uses included in this study.

Development projects that dedicate parks and trail facilities to the City as part of the project are eligible to receive credit against their impact fee obligation. Development projects can satisfy their obligations through a combination of fees and dedication/credits. Section 13.28.080 of the City's municipal code details the City's criteria for receiving credits.

# 4. Public Facilities

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The purpose of the public facilities impact fee is to fund the public facilities needed to serve new development. A maximum justified fee is presented based on the system plan standard of public facilities per capita.

## Service Population

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

**Table 4.1** shows the existing and future projected service population for public facilities. While specific data is not available to estimate the actual ratio of demand per resident to demand by businesses (per worker) for this service, it is reasonable to assume that demand for these services is less for one employee compared to one resident, because nonresidential buildings are typically occupied less intensively than dwelling units. The 0.19-weighting factor for workers is based on an assumption that workers work from home on average 32% of the time. This assumption is the percentage of full paid days working from home for the San Francisco Bay Area in 2024 as identified in the U.S. Survey of Working Arrangements and Attitudes (SWAA) data. The 27.2-hour onsite workweek is divided by the total number of non-onsite work hours in a week (140.8) and the resulting weighting factor reflects the degree to which workers create demand for these types of facilities.

**Table 4.1: Public Facilities Service Population**

	A	B	A x B = C
	Persons	Weighting Factor	Service Population
<i>Residents</i>			
Existing (2023)	28,430	1.00	28,430
New Development (2023-2045)	9,972	1.00	9,972
Total (2045)	38,402		38,402
<i>Workers<sup>1</sup></i>			
Existing (2023)	4,682	0.19	890
New Development (2023-2045)	10,979	0.19	2,086
Total (2045)	15,661		2,976
<i>Combined</i>			
Existing (2023)			29,320
New Development (2023-2045)			12,058
Total (2045)			41,378

<sup>1</sup> Workers are weighted at 0.19 of residents based on an analysis of work from home trends in the San Francisco Bay Area. Assumes that workers work from home on average 32% of the time, and are onsite 68% of the time, based on U.S. Survey of Working Arrangements and Attitudes (SWAA) data for the San Francisco Bay Area in 2024.

Sources: Table 2.1, Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731; Willdan Financial Services.

## Facility Inventories and Standards

This section describes the City’s public facility inventory and facility standards.

### Existing Inventory

The City’s public facility inventory consists of relatively few facilities compared to other cities because most facilities that provide services are leased. **Table 4.2** summarizes the City’s owned inventory of public land, buildings and vehicles. All facilities provide services to residents and people who work in the City. The assumed cost of land acquisition is based on the City’s estimate for acquired land for a future library. In total, the City’s existing inventory of public facilities is estimated at \$37.4 million.

**Table 4.2: Existing Public Facilities Inventory**

	Quantity	Units	Unit Cost	Replacement Cost
<i>Land (acres)</i>				
CEDD - 1960 Tate St.	0.71	acres	\$3,260,000	\$ 2,304,527
Reentry - 2277 University Ave	0.35	acres	3,260,000	1,141,000
Library	1.00	acres	3,260,000	3,260,000
Subtotal - Land	2.06			\$ 6,705,527
<i>Buildings (square feet) <sup>1</sup></i>				
Cooley Landing Building	3,800	sq. ft.	\$ 350	\$ 1,330,000
CEDD, 1960 Tate St.	29,820	sq. ft.	350	10,437,000
Reentry	15,316	sq. ft.	350	5,360,600
Senior Center	28,875	sq. ft.	350	10,106,250
Cummings Loft Mezzanine	1,190	sq. ft.	350	416,500
Subtotal - Buildings	79,001			\$ 27,650,350
<i>Vehicles</i>	125	Vehicles	\$ 24,500	\$ 3,062,486
Total Value - Existing Facilities				\$ 37,418,363

Sources: City of East Palo Alto; Willdan Financial Services.

## Planned Facilities

**Table 4.3** summarizes the planned public facilities needed to serve the City through 2045. The City plans for many new facilities including a city hall, community development building, corporation yard, library and police department building. New facilities costs are estimated to total approximately \$120.3 million through 2045, net of existing identified funding. These new facilities will serve both existing and new development, so it is appropriate to allocate costs to both existing and new development. Existing development’s proportional share of these facility costs is also referred to as an “existing deficiency.”

The new City Hall, Police Station, Corporation Yard, and Library were identified in part in the City’s 2021 Facilities Master Plan (FMP), which examined the existing facilities providing services to the City, and the need to expand those facilities to accommodate additional future staff needed to serve the City as it grows. City Hall is currently fully utilized and is approximately 13,800 square feet. The FMP identified additional space needs of between 5,100 and 7,800 square feet to serve the City’s future needs. The Police Station is currently fully utilized and is approximately 13,000 square feet. The FMP identified additional space needs of between 7,500 and 13,200 square feet to serve the City’s future needs. The Corporation yard is also fully utilized and is approximately 5,300 square feet. The FMP identified additional space needs of between 1,150 and 1,580 square feet to serve the City’s future needs. Similarly, the City’s 2017 Library Needs Assessment was used to provide recommendations for a new library which will expand the City’s library capacity to serve existing and new development. The existing library is leased and is approximately 10,800 square feet, including shared components. The planned library is approximately 25,000 square feet.

**Table 4.3: Planned Public Facilities**

Project No.	Description	Total Cost	Funded	Net Cost
FA-05	New Police Department Building	25,000,000	-	25,000,000
FA-06	Corporation Yard	100,000	-	100,000
FA-07	City Hall Purchase	50,000,000	-	50,000,000
FA-09	New Facilities in Ravenswood Specific Plan Area	10,000,000	-	10,000,000
FA-11	City Facility Energy Upgrades	100,000	-	100,000
FA-13	City Hall Tenant Improvement	1,350,000	350,000	1,000,000
FA-16	City of East Palo Alto Library	36,000,000	1,900,000	34,100,000
Total		\$ 122,550,000	\$ 2,250,000	\$ 120,300,000

Source: City of East Palo Alto Ten Year Capital Improvement Program (CIP) Update FY 2024-2025 .

## Cost Allocation

### Existing Level of Service

**Table 4.4** expresses the City’s current public facilities level of service in terms of an existing cost per capita. This cost per capita is not used in the fee calculation, rather it is shown here for informational purposes only. Once the planned facilities have been constructed and new development has increased the City’s service population the resulting facility cost per capita will be higher than the cost per capita shown in Table 4.4. The increased facility standard is needed to ensure that the City has adequate facilities to provide public services to the City.

**Table 4.4: Existing Level of Service**

Value of Existing Facilities	A	\$ 37,418,363
Existing Service Population	B	29,320
Existing Cost per Capita	$C = A / B$	\$ 1,276

Sources: Tables 4.1 and 4.2.

### Future Level of Service

**Table 4.5** shows new development’s projected per capita investment in public facilities at the planning horizon. This level of service drives the fee calculation. This value is calculated by dividing cost of existing and planned facilities by the service population at the planning horizon. The value per capita is multiplied by the worker weighting factor of 0.19 to determine the value per worker.

Fees calculated using this system standard approach ensure that both existing and future service populations will have contributed the same amount per capita at the planning horizon. The new facilities and the existing facilities will serve both existing and new development, so it is appropriate to allocate costs to both existing and new development. Existing development’s proportional share of these facility costs is also referred to as an “existing deficiency.” Existing deficiencies cannot be funded with impact fee revenue.

**Table 4.5: Public Facilities System Standard**

Value of Existing Facilities	<i>A</i>	\$ 37,418,363
Cost of Planned Facilities	<i>B</i>	120,300,000
Total System Value (2045)	$C = A + B$	\$157,718,363
Future Service Population (2045)	<i>D</i>	41,378
Cost per Capita	$E = C / D$	\$ 3,812
Cost per Worker	$F = E \times \text{Worker Weighting Factor}$	724

Sources: Tables 4.1, 4.2 and 4.3.

## Use of Fee Revenue

The City can use public facilities fee revenues for the construction or purchase of buildings, land, and equipment that are part of the system of public facilities serving new development. A list of planned facilities is included in Table 4.3.

## Non-Fee Funding Required

Completing the planned facilities will provide a higher value of facilities per capita than is currently provided in East Palo Alto. Impact fee revenue may not be used to increase the level of service provided to existing development. Therefore, impact fee revenue will not fully fund the planned public facilities and some non-fee funding will be required. **Table 4.6** shows the projected fee revenue and the non-fee funding required through 2045. After accounting for the projected future impact fee revenue, approximately \$74.3 million in non-fee funding will be needed to complete the planned public facilities. The City will need to use alternative funding sources to fund existing development’s share of the planned public facilities. Potential sources of revenue include but are not limited to existing or new general fund revenues, existing or new taxes, special assessments, and grants.

New development’s contribution to the value of the entire system of facilities at the planning horizon (including existing plus future facilities) is equal to new development’s proportional share of service population at the planning horizon.

**Table 4.6: Revenue Projection - System Standard**

Cost per Capita	\$ 3,812
Growth in Service Population (2023 to 2045)	12,058
Projected Fee Revenue	\$ 45,965,096
Cost of Planned Facilities	\$ 122,550,000
Identified Funding - Library Project	1,900,000
Identified Funding - City Hall Tenant Improvements	350,000
Projected Fee Revenue	45,965,096
Existing Deficiency	\$ 74,334,904

Sources: Tables 4.1, 4.3 and 4.4.

## Fee Schedule

**Table 4.7** shows the maximum justified public facilities fee schedule. The cost per capita is converted to a fee per square foot of new development based on the square feet per person assumptions shown in Table 2.3.

**Table 4.7: Public Facilities Fee Schedule**

Land Use	A	B	C = A / B
	Cost per Capita	Sq. Ft. per Capita	Fee per Sq. Ft.
<i>Residential</i>			
Single Family	\$ 3,812	449	\$ 8.49
Multifamily	3,812	323	11.80
<i>Nonresidential</i>			
Retail	\$ 724	600	\$ 1.21
Office and R&D	724	400	1.81
Industrial	724	1,000	0.72

Sources: Tables 2.3 and 4.5.

## Mitigation Fee Act Findings

The five statutory findings required for adoption of the public facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the *Act*.

### Purpose of Fee

- ♦ Identify the purpose of the fee (§66001(a)(1) of the Act).

The public facilities fee is designed to ensure that new development will not burden the existing service population with the cost of public facilities required to accommodate growth. The purpose of the fees documented in this chapter is to provide a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide public facilities to serve new development.

## 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. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).*

Public facilities fees, if enacted by the City, would be used to fund expanded public facilities to serve new development Citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned public facilities projects is included in Table 4.3 (Planned Public Facilities), which is sourced from the City's adopted Capital Improvement Plan.

## Benefit Relationship

- ♦ *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the residents and workers associated with new development, who represent demand for public facilities. Using the system plan cost allocation methodology outlined in Chapter 1, and the cost per capita standard calculated in Table 4.5, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used to correct existing deficiencies. A deficiency associated with existing development's share of the planned facilities is identified in Table 4.6, which will not be funded by impact fee revenue. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

## Burden Relationship

- ♦ *Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

New residential and nonresidential development will generate additional population growth. An increase in residents and workers will increase the demand for public facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the public facilities fee, demand is measured by a single facility standard (cost per capita at the planning horizon) that can be applied across land use types to ensure a reasonable relationship to the type of development. The service population standards are calculated based upon the number of residents associated with residential development and the number of workers associated with non-residential development. To calculate a single, per capita standard, one worker is weighted less than one resident based on an analysis of the relative use demand between residential and non-residential development. See the *Service Population* section above for a discussion of the worker weighting factor.

The standard used to allocate facilities costs to new development is also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share

of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

## Proportionality

- ◆ *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated residential and nonresidential population growth the project will accommodate. Fees for a specific project are based on the project's size. Larger development projects can result in a higher service population resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 2.3 for the occupancy density assumptions that drive the proportionality of the fees between the land uses included in this study.

Development projects that build and dedicate public facilities to the City as part of the project are eligible to receive credit against their impact fee obligation. Development projects can satisfy their obligations through a combination of fees and dedication/credits. Section 13.28.080 of the City's municipal code details the City's criteria for receiving credits.

# 5. Transportation Facilities

This chapter summarizes an analysis of the need for transportation infrastructure to accommodate new development. The chapter documents a reasonable relationship between new development Citywide and an impact fee for funding these facilities.

## Trip Demand

The need for transportation facilities is based on the trip demand placed on the system by development. A reasonable measure of demand is the number of PM peak hour vehicle trips, adjusted for pass-by trips. Pass-by trips are intermediate stops between an origin and a destination that require no diversion from the route, such as stopping to get gas on the way to work. Vehicle trip generation rates are a reasonable measure of demand on the City’s system of transportation facilities across all modes because alternate modes (transit, bicycle, pedestrian) often substitute for vehicle trips. Pass-by trips are deducted from the trip generation rate.

**Table 5.1** shows the calculation of trip demand factors by land use category based on the pass-by trip adjustment described above. The data for trip rates, and the pass-by trip assumption all come from the latest data available from the Institute of Traffic Engineers. The trip generation rates for existing development do not assume that existing development will achieve a 40% trip rate reduction. Trip rates for future development do assume that new development will achieve a 40% trip reduction. This analysis assumes that part of the 40% trip reduction will be due in part to internal trip capture from mixed- use development characteristics.

**Table 5.1: Adjusted Trip Rates**

ITE Category		Pass-by Trips <sup>1</sup>	PM Peak Hour Trips <sup>2</sup>	Adjusted Trip Rate (Existing Development) <sup>3</sup>	Adjusted Trip Rate (New Development) <sup>4</sup>
		A	B	$C = (1 - A) \times B$	$D = C \times 0.6$
<i>Residential - per Dwelling Unit</i>					
Single Family	Single Family Housing (210)	0%	0.99	0.99	0.59
Multifamily	Multifamily Housing (Low-Rise) (220)	0%	0.57	0.57	0.34
<i>Nonresidential - per 1,000 Sq. Ft.</i>					
Retail	Shopping Center (820)	34%	4.09	2.70	1.62
Office and R&D	General Office (710) Research and Development (760) <sup>5</sup>	0%	1.28	1.28	0.77
Industrial	General Light Industrial (110)	0%	0.80	0.80	0.48

<sup>1</sup> Percent of total trips. A pass-by trip is made as an intermediate stop on the way from an origin to a primary trip destination without a route diversion. Pass-by trips are not considered to add traffic to the road network. Assumption based on ITE Trip Generation Handbook data.

<sup>2</sup> Trips per dwelling unit or per 1,000 building square feet.

<sup>3</sup> Assumes that 40% trip reduction will not apply to existing development.

<sup>4</sup> Assumes 40% trip reduction.

<sup>5</sup> PM Peak Hour Trip rate for office and research and development land uses weighted by projected office and research and development square footage in RBD Specific Plan.

Sources: Institute of Traffic Engineers, Trip Generation Manual, 11th Edition; Institute of Traffic Engineers, Trip Generation Handbook 3rd Edition; Willdan Financial Services.

## Trip Growth

The planning horizon for this analysis is 2045. **Table 5.2** lists the 2023 and 2045 land use assumptions used in this study. The trip demand factors calculated in Table 5.1 are multiplied by the existing and future dwelling units and building square feet to determine the increase in trips caused by new development Citywide.

**Table 5.2: Land Use Scenario and Total Trips**

Land Use	2023			Growth 2023 to 2045			2045	
	Trip Demand Factor (Existing)	DU or 1,000 Sq. Ft.	Trips	Trip Demand Factor (New)	DU or 1,000 Sq. Ft.	Trips	DU or 1,000 Sq. Ft.	Trips
<b>Citywide</b>								
<i>Residential - per Dwelling Unit</i>								
Single Family	0.99	4,732	4,685	0.59	993	586	5,725	5,271
Multifamily	0.57	3,409	1,943	0.34	2,291	779	5,700	2,722
Subtotal		8,141	6,628		3,284	1,365	11,425	7,993
<i>Nonresidential - per 1,000 Sq. Ft.</i>								
Retail	2.70	550	1,485	1.62	333	540	883	2,025
Office and R&D	1.28	725	928	0.77	4,039	3,110	4,764	4,038
Industrial	0.80	200	160	0.48	325	156	525	316
Subtotal		1,475	2,573		4,697	3,806	6,172	6,379
Total Trips			9,201			5,171		14,372
Share of Total Trips			64.0%			36.0%		100.0%

Sources: Tables 2.1 and 5.1.

## Project Costs

Cost estimates are summarized in **Table 5.3** and were sourced from the City's CIP. Any funding that has been identified for these projects is netted out of the total cost. The net costs for the two traffic signals projects are allocated 100% to new development because they are solely needed to accommodate growth. The costs for the remaining projects are allocated to new development proportionally to new development's share of trip demand at the planning horizon identified in Table 5.2 because the projects will serve both existing and new development.

**Table 5.3: Planned Facilities**

No.	Description	Total Cost	Less Identified Funding	Net Cost	Allocation to New Development	Total Cost Allocated to New Development
ST-24C	Weeks at Pulgas Traffic Signal	\$ 660,000	\$ -	\$ 660,000	100.0%	\$ 660,000
ST-24D	Weeks at Clarke Traffic Signal	660,000	-	660,000	100.0%	660,000
ST-28	East Bayshore Improvements	2,940,000	1,045,000	1,895,000	36.0%	682,200
ST-29	University Avenue Grand Corridor Bay Road	19,000,000	2,000,000	17,000,000	36.0%	6,120,000
		<u>1,255,203</u>	<u>-</u>	<u>1,255,203</u>	36.0%	<u>451,873</u>
Total		\$ 24,515,203	\$ 3,045,000	\$ 21,470,203		\$ 8,574,073

Source: City of East Palo Alto Ten Year Capital Improvement Program (CIP) Update FY 2024-2025 .; Table 5.2, Willdan Financial Services.

## Fee per Trip Demand Unit

Every impact fee consists of a dollar amount, or the cost of projects that can be funded by a fee, divided by a measure of development. In this case, all fees are first calculated as a cost per trip demand unit. Then these amounts are translated into square feet (cost per residential square feet) and employment space (cost per 1,000 building square feet) by multiplying the cost per trip by the trip generation rate for each land use category. These amounts become the fee schedule.

**Table 5.4** calculates the cost the cost per trip demand unit by dividing the total project costs attributable to new development by transportation fee category summarized in Table 5.3, by the total growth in trips calculated in Table 5.2.

The cost per trip in Table 5.4 can also be used to calculate a fee for land uses that have significantly different trip generation rates compared to the land uses included in the fee schedule.

**Table 5.4: Cost per Trip to Accommodate Growth**

Costs Allocated to New Development	\$ 8,574,073
Growth in Trip Demand (2023 to 2045)	5,171
Cost per Trip	\$ 1,658

Sources: Tables 5.2 and 5.3.

## Projected Fee Revenue

**Table 5.5** shows the projected fee revenue. The difference between the net project cost and the projected fee revenue is existing development’s share of the planned facilities, often referred to as an existing deficiency. This existing deficiency cannot be funded through the impact fees. The City can use any funding source other than the impact fees to pay for the existing deficiency.

**Table 5.5: Projected Fee Revenue**

Net Project Cost	\$21,470,203
Projected Fee Revenue	8,574,073
Existing Deficiency	\$ 12,896,130

Source: Table 5.3.

## Fee Schedule

**Table 5.6** shows the maximum justified Citywide transportation fee schedule. The maximum justified fees are based on the costs per trip shown in Table 5.4. The cost per trip is multiplied by the trip demand factors in Table 5.1 to determine a fee per unit of new development. The fee per average single family or multifamily dwelling unit is converted into a fee per square foot by dividing the fee per dwelling unit by the assumed average square footage of a dwelling unit from Table 2.3. Development in RBD would pay this Citywide transportation impact fee, plus the RBD specific transportation impact fee presented in the following chapter.

**Table 5.6: Citywide Transportation Facilities Impact Fee Schedule**

Land Use	A	B	C = A x B	D = C / Average
	Cost per Trip	Trip Demand Factor	Total Fee <sup>1</sup>	Fee per Sq. Ft. <sup>2</sup>
<i>Residential Dwelling Unit</i>				
Single Family	\$ 1,658	0.59	\$ 978	\$ 0.58
Multifamily	1,658	0.34	564	0.64
<i>Nonresidential - per 1,000 Sq. Ft.</i>				
Retail	\$ 1,658	1.62	\$ 2,686	\$ 2.69
Office and R&D	1,658	0.77	1,277	1.28
Industrial	1,658	0.48	796	0.80

<sup>1</sup> Fee per average sized dwelling unit or per 1,000 square feet of nonresidential.

<sup>2</sup> Assumes 1,700 square feet per single family unit and 875 square feet per multifamily unit.

Sources: Tables 5.1 and 5.4.

## Mitigation Fee Act Findings

The five statutory findings required for adoption of the citywide transportation facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the Act.

### Purpose of Fee

- ♦ Identify the purpose of the fee (§66001(a)(1) of the Act).

The Citywide transportation facilities fee is designed to ensure that new development will not burden existing development with the cost of transportation facilities required to accommodate growth. The purpose of the fees documented in this chapter is to provide a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide Citywide transportation facilities to serve new development.

### 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. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).

If enacted the Citywide transportation facilities fees would be used to fund capacity expanding transportation facilities to serve new development Citywide. Facilities funded by these fees are designated to be located within the City limits. A list of planned transportation facilities projects is included in Table 5.3.

### Benefit Relationship

- ♦ Determine the reasonable relationship between the fees' use and the type of

*development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and transportation infrastructure, and purchase of related equipment, used to serve new development. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the residents and workers associated with new development. Using the planned facilities cost allocation methodology outlined in Chapter 1, and the cost per trip standard calculated in Table 5.4, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used to correct existing deficiencies. A deficiency associated with existing development's share of the planned facilities is identified in Table 5.5, which will not be funded by impact fee revenue. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development that will pay the fees.

## Burden Relationship

- ◆ *Determine the reasonable relationship between the need for the Citywide transportation facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

New residential and nonresidential development will generate additional population growth, which in turn will generate vehicle trips. An increase in vehicle trip generation will increase the demand for transportation facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the Citywide transportation facilities fee, demand is measured by a single facility standard (cost per trip) that can be applied across land use types to ensure a reasonable relationship to the type of development. Project costs in Table 5.3 are allocated to new development as follows: Projects that are solely needed to accommodate increased demand from growth are allocated 100% to new development. Projects that are partially needed to accommodate demand from growth and partially needed to accommodate existing demand are allocated to new development based on new development's share of total trip demand at the planning horizon, identified in Table 5.2. The cost per trip standard is calculated by dividing the net costs allocated to new development by the increase in trip demand associated with residential and nonresidential development. See the *Trip Demand* and *Trip Growth* sections above for a discussion of trip demand and an estimate of current and projected vehicle trips.

The standard used to allocate facilities costs to new trip demand is also used to determine if planned facilities will partially serve existing trip demand by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving existing vehicle trips.

## Proportionality

- ◆ *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated trip generation produced by each development project. Fees for a specific project are based on the project's size. Larger development projects can result in a higher trip generation resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 5.1 for the trip generation assumptions that drive the proportionality of the fees between the land uses included in this study.

Development projects that build and dedicate transportation infrastructure to the City as part of the project are eligible to receive credit against their impact fee obligation. Development projects can

satisfy their obligations through a combination of fees and dedication/credits. Section 13.28.080 of the City's municipal code details the City's criteria for receiving credits.

# 6. RBD Transportation Facilities

This chapter summarizes an analysis of the need for transportation facilities to accommodate new development in RBD. The chapter documents a reasonable relationship between new development and the impact fee for funding of these facilities. The projects and allocation of responsibility to new development within RBD were identified by a traffic modeling analysis performed by Hexagon Transportation Consultants.

## Trip Demand

The need for transportation facilities is based on the trip demand placed on the system by development. A reasonable measure of demand is the number of PM peak hour vehicle trips, adjusted for pass-by trips. Pass-by trips are intermediates stops between an origin and a final destination that require no diversion from the route, such as stopping to get gas on the way to work. Vehicle trip generation rates are a reasonable measure of demand on the City’s system of transportation facilities across all modes because alternate modes (transit, bicycle, pedestrian) often substitute for vehicle trips. Pass-by trips are deducted from the trip generation rate. **Table 6.1** shows the calculation of trip demand factors by land use category based on the pass-by trip adjustment described above. The trip generation rates for existing development do not assume that existing development will achieve a 40% trip rate reduction. Trip rates for future development do assume that new development will achieve a 40% trip reduction. This analysis assumes that part of the 40% trip reduction will be due in part to internal trip capture from mixed- use development characteristics.

**Table 6.1: Trip Rate Adjustment Factors**

ITE Category		Pass-by Trips <sup>1</sup>	PM Peak Hour Trips <sup>2</sup>	Adjusted Trip Rate (Existing Development) <sup>3</sup>	Adjusted Trip Rate (New Development) <sup>4</sup>
		A	B	$C = (1 - A) \times B$	$D = C \times 0.6$
<i>Residential - per Dwelling Unit</i>					
Single Family	Single Family Housing (210)	0%	0.99	0.99	0.59
Multifamily	Multifamily Housing (Low-Rise) (220)	0%	0.57	0.57	0.34
<i>Nonresidential - per 1,000 Sq. Ft.</i>					
Retail	Shopping Center (820)	34%	4.09	2.70	1.62
	General Office (710) Research and				
Office and R&D	Development (760) <sup>5</sup>	0%	1.28	1.28	0.77
Industrial	General Light Industrial (110)	0%	0.80	0.80	0.48

<sup>1</sup> Percent of total trips. A pass-by trip is made as an intermediate stop on the way from an origin to a primary trip destination without a route diversion. Pass-by trips are not considered to add traffic to the road network. Assumption based on ITE Trip Generation Handbook

<sup>2</sup> Trips per dwelling unit or per 1,000 building square feet.

<sup>3</sup> Assumes that 40% trip reduction will not apply to existing development.

<sup>4</sup> Assumes 40% trip reduction.

<sup>5</sup> PM Peak Hour Trip rate for office and research and development land uses weighted by projected office and research and development square footage in RBD Specific Plan.

Sources: Institute of Traffic Engineers, Trip Generation Manual, 11th Edition; Institute of Traffic Engineers, Trip Generation Handbook 3rd Edition; Willdan Financial Services.

## Trip Growth

The planning horizon for this analysis is 2045. **Table 6.2** lists the 2023 and 2045 land use assumptions for RBD used in this study. The trip demand factors calculated in Table 6.1 are multiplied by the existing and future dwelling units and building square feet to determine the increase in trips caused by new development.

**Table 6.2: Land Use Scenario and Total Trips**

Land Use	2023			Growth 2023 to 2045			2045	
	Trip Demand Factor (Existing)	DU or 1,000 Sq. Ft.	Trips	Trip Demand Factor (New)	DU or 1,000 Sq. Ft.	Trips	DU or 1,000 Sq. Ft.	Trips
<i>Residential - per Dwelling Unit</i>								
Single Family	0.99	203	201	0.59	-	-	203	201
Multifamily	0.57	147	84	0.34	1,600	544	1,747	628
Subtotal		350	285		1,600	544	1,950	829
<i>Nonresidential - per 1,000 Sq. Ft.</i>								
Retail	2.70	125	338	1.62	112	182	237	520
Office and R&D	1.28	200	256	0.77	3,335	2,568	3,535	2,824
Industrial	0.80	125	100	0.48	325	156	450	256
Subtotal		450	694		3,772	2,906	4,222	3,600
Total			979			3,450		4,429
			22.1%			77.9%		100%

Sources: Tables 2.1 and 6.1.

## Project Costs

Cost estimates are summarized in **Table 6.3** and were sourced from the RBD Update Transportation Analysis from Hexagon Transportation Consultants. That analysis provided the total project costs, other identified funding and allocation to new development within the RBD.

**Table 6.3: Planned Facilities**

Project No.	Intersection	Total Cost	Other Funding	Net Cost	Allocation <sup>1</sup>	Total Cost Allocated
1	Willow Rd (SR 114) and Bayfront Expy (SR 84)	\$ 1,224,738	\$ 208,205	\$ 1,016,533	8.22%	\$ 83,556
3	University Ave (SR 109) and Bayfront Expy (SR 84)	329,565	56,026	273,539	6.25%	17,091
4	Newbridge Street and Bay Rd	1,000,000	-	1,000,000	100.00%	1,000,000
5	Euclid Ave and Donohoe St	1,505,823	597,061	908,762	63.31%	575,331
6	US 101 Northbound On Ramp and Donohoe St	2,133,250	845,837	1,287,413	63.31%	815,053
8	University Ave (SR 109) and Purdue Ave	1,000,000	-	1,000,000	100.00%	1,000,000
11	University Ave and Bay Rd	2,000,000	14,300	1,985,700	100.00%	1,985,700
14	University Ave and Donohoe St	5,925,693	507,708	5,417,985	100.00%	5,417,985
18	US 101 NB Off Ramp and Donohoe St	139,428	3,073	136,355	100.00%	136,355
19	Cooley Ave and Donohoe St	83,657	1,583	82,074	100.00%	82,074
21	Clarke Ave and Bay Rd	1,225,000	62,469	1,162,531	100.00%	1,162,531
23	Clarke Ave and Runnymede St	1,000,000	-	1,000,000	100.00%	1,000,000
26	Demeter St and Bay Rd	1,000,000	-	1,000,000	100.00%	1,000,000
27	Pulgas Ave and Bay Rd	1,250,000	94,556	1,155,444	100.00%	1,155,444
28	Pulgas Ave and Weeks St	1,000,000	36,477	963,523	100.00%	963,523
29	Pulgas Ave and Runnymede St	1,225,000	31,908	1,193,092	100.00%	1,193,092
30	Pulgas Ave and O'Connor St	1,000,000	-	1,000,000	100.00%	1,000,000
35	Clarke Ave and Schembri Lane/Garden Street	1,000,000	-	1,000,000	100.00%	1,000,000
42	Pulgas Ave and Emmerson St (Future)	700,000	-	700,000	100.00%	700,000
45	Tara Rd and Bay Rd	1,000,000	-	1,000,000	100.00%	1,000,000
Total		\$ 31,049,427	\$ 4,125,152	\$ 26,924,274		\$ 21,287,735

<sup>1</sup> Allocation to new development within RBD Specific Plan identified by Hexagon Transportation Consultants.

Source: Ravenswood Specific Plan Update Transportation Analysis, Hexagon Transportation Consultants.

## Fee per Trip Demand Unit

Every impact fee consists of a dollar amount, or the cost of projects that can be funded by a fee, divided by a measure of development. In this case, all fees are first calculated as a cost per trip demand unit. Then these amounts are translated into housing unit (cost per dwelling unit) and employment space (cost per 1,000 building square feet) by multiplying the cost per trip by the trip generation rate for each land use category. These amounts become the fee schedule.

**Table 6.4** calculates the cost the cost per trip demand unit by dividing the total project costs attributable to new RBD development by transportation fee category summarized in Table 6.3, by the total growth in trips calculated in Table 6.2.

**Table 6.4: Cost per Trip to Accommodate Growth**

Costs Allocated to New Development	\$ 21,287,735
Growth in Trip Demand (2023 to 2045)	3,450
Cost per Trip	\$ 6,170

Sources: Tables 6.2 and 6.3.

## Projected Fee Revenue

**Table 6.5** shows the projected fee revenue. The difference between the net project cost and the projected fee revenue is existing development's share of the planned facilities, often referred to as an existing deficiency. This existing deficiency cannot be funded through the impact fees. The City can use any funding source other than the impact fees to pay for the existing deficiency.

**Table 6.5: Projected Fee Revenue**

Net Project Cost	\$29,149,274
Projected Fee Revenue	21,287,735
Existing Deficiency	\$ 7,861,539

Source: Table 6.3.

## Fee Schedule

Table 6.6 shows the maximum justified transportation fee schedule excluding the Loop Road project. The maximum justified fees are based on the costs per trip shown in Table 6.4. The cost per trip is multiplied by the trip demand factors in Table 6.1 to determine a fee per unit of new RBD development. The fee per average single family or multifamily dwelling unit is converted into a fee per square foot by dividing the fee per dwelling unit by the assumed average square footage of a dwelling unit from Table 2.3.

**Table 6.6: RBD Transportation Facilities Impact Fee Schedule**

Land Use	A	B	C = A x B	D = C / Average
	Cost per Trip	Trip Demand Factor	Total Fee <sup>1</sup>	Fee per Sq. Ft. <sup>2</sup>
<i>Residential Dwelling Unit</i>				
Single Family	\$ 6,170	0.59	\$ 3,640	\$ 2.14
Multifamily	6,170	0.34	2,098	2.40
<i>Nonresidential - per 1,000 Sq. Ft.</i>				
Retail	\$ 6,170	1.62	\$ 9,995	\$ 10.00
Office and R&D	6,170	0.77	4,751	4.75
Industrial	6,170	0.48	2,962	2.96

<sup>1</sup> Fee per average sized dwelling unit or per 1,000 square feet of nonresidential.

<sup>2</sup> Assumes 1,700 square feet per single family unit and 875 square feet per multifamily unit.

Sources: Tables 6.1 and 6.4.

## Mitigation Fee Act Findings

The five statutory findings required for adoption of the RBD transportation facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the Act.

### Purpose of Fee

- ♦ Identify the purpose of the fee (§66001(a)(1) of the Act).

The RBD transportation facilities fee is designed to ensure that new development in RBD will not burden existing development in the City with the cost of transportation facilities required to

accommodate growth. The purpose of the fees documented in this chapter is to provide a funding source from new development in RBD for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide transportation facilities to serve new development in RBD.

## 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. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).*

If enacted by the City the RBD transportation facilities fee would be used to fund capacity expanding transportation facilities to serve new development in the RBD. Facilities funded by these fees are designated to be located within the RBD boundaries. A list of planned transportation facilities projects is included in Table 6.3.

## Benefit Relationship

- ♦ *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and transportation infrastructure, and purchase of related equipment, used to serve new development. Facilities funded by the fees are expected to provide a network of facilities accessible to the residents and workers associated with new development. While the facilities will be publicly accessible, the City is only pursuing these improvements to facilitate development in the RBD, so it is appropriate to allocate costs to new development within this geography. Using the planned facilities cost allocation methodology outlined in Chapter 1, and the cost per trip calculated in Table 6.4, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used to correct existing deficiencies. A deficiency associated with existing development's share of the planned facilities is identified in Table 6.5, which will not be funded by impact fee revenue. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

## Burden Relationship

- ♦ *Determine the reasonable relationship between the need for the Citywide transportation facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

New residential and nonresidential development will generate additional population growth, which in turn will generate vehicle trips. An increase in vehicle trip generation will increase the demand for transportation facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the RBD transportation facilities fee, demand is measured by a single facility standard (cost per trip) that can be applied across land use types to ensure a reasonable relationship to the type of development. Project costs in Table 6.3 are allocated to new development based on traffic modeling performed by Hexagon Transportation Consultants, which identified the share of each project attributable to new development. The cost per trip standard is calculated by dividing the net costs allocated to new development by the increase in trip demand associated with residential and nonresidential development. See the *Trip Demand* and *Trip Growth* sections above for a discussion of trip demand and an estimate of current and projected vehicle trips.

## Proportionality

- ♦ *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated trip generation produced by each development project. Fees for a specific project are based on the project's size. Larger development projects can result in a higher trip generation resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 6.1 for the trip generation assumptions that drive the proportionality of the fees between the land uses included in this study.

# 7. Water Capacity

This chapter details an analysis of the need for water facilities to accommodate growth within the City of East Palo Alto. The projects and associated costs in this chapter were identified in the City’s Water System Master Plan. This chapter documents a reasonable relationship between new development and a water capacity impact fee to fund facilities that serve new development.

## Water Demand

Estimates of new development and its consequent increased water demand provide the basis for calculating the water capacity fee. The need for water facilities improvements is based on the water demand placed on the system by development. A typical measure of demand is a flow generation rate, expressed as the number of gallons per day generated by a specific type of land use. Flow generation rates are a reasonable measure of demand for the City’s system of water improvements because they represent the average rate of demand that will be placed on the system per land use designation.

**Table 7.1** shows the calculation of equivalent dwelling unit (EDU) demand factors based on flow generation by land use category. The flow generation factors are based on data from the City’s Water System Master Plan. EDU factors express water flow from each land use in terms of the flow generated by a single-family dwelling unit.

**Table 7.1: Water Demand by Land Use**

Land Use Type	Average Flow Generation per DU or 1,000 Sq. Ft.	Equivalent Dwelling Unit (EDU)
<i>Residential Dwelling Unit</i>		
Single Family	260	1.00
Multifamily	160	0.62
<i>Nonresidential - per 1,000 Sq. Ft.</i>		
Retail	160	0.62
Office and R&D <sup>1</sup>	243	0.93
Industrial	110	0.42

<sup>1</sup> Average flow generation factor for office and R&D land uses.

Sources: Table 4-5, East Palo Alto Water System Master Plan, 2023; Willdan Financial Services.

## EDU Generation by New Development

**Table 7.2** shows the estimated EDU generation from new development through 2045 for non-RBD areas and the RBD. The EDU factors from Table 7.1 are multiplied by the land use assumptions from Chapter 2 to estimate total EDUs in the base year, at the planning horizon and for new development.

**Table 7.2: Water Facilities Equivalent Dwelling Units**

Land Use	EDU Factor	2023		Growth 2023 to 2045		2045	
		DU or 1,000 Sq. Ft.	EDUs	DU or 1,000 Sq. Ft.	EDUs	DU or 1,000 Sq. Ft.	EDUs
<b>Non-RBD</b>							
<i>Residential - per Dwelling Unit</i>							
Single Family	1.00	4,529	4,529	993	993	5,522	5,522
Multifamily	0.62	3,262	2,022	691	429	3,953	2,451
Subtotal		7,791	6,551	1,684	1,422	9,475	7,973
<i>Nonresidential - per 1,000 Sq. Ft.</i>							
Retail	0.62	425	264	221	137	646	401
Office and R&D	0.93	525	488	704	655	1,229	1,143
Industrial	0.42	75	32	-	-	75	32
Subtotal		1,025	784	925	792	1,950	1,576
Subtotal - Non-RBD			7,335		2,214		9,549
Share of Total			76.8%		23.2%		
<b>RBD</b>							
<i>Residential - per Dwelling Unit</i>							
Single Family	1.00	203	203	-	-	203	203
Multifamily	0.62	147	91	1,600	992	1,747	1,083
Subtotal		350	294	1,600	992	1,950	1,286
<i>Nonresidential - per 1,000 Sq. Ft.</i>							
Retail	0.62	125	78	112	69	237	147
Office and R&D	0.93	200	186	3,335	3,102	3,535	3,288
Industrial	0.42	125	53	325	136	450	189
Subtotal		450	317	3,772	3,307	4,222	3,624
Subtotal - RBD			611		4,299		4,910
Share of Total			12.4%		87.6%		

Sources: Tables 2.1 and 7.1.

## Current Water System Asset Valuation

The buy-in component of the water fee is based on new development “buying in” to the excess capacity of the existing water facilities. In this case, Replacement New Cost Less Depreciation (RCNLD) is the appropriate method to determine the current value of the existing systems. RCNLD is a commonly used method, and it is often preferred to alternative methods such as Original Cost Less Depreciation (OCLD), Original Cost (OC), and Replacement Cost (RC) because of its better reflection of the system’s value in today dollars. Unless the systems have depreciated significantly due to lack of replacement and repair, RCNLD is more defensible because the replacement cost is inflation-adjusted to recover the cost of replacing that capacity in current dollars. RCNLD also accounts for depreciation and consequently address the fact that the system reflects its current condition.

**Table 7.3** presents the RCNLD of the City’s existing water system assets.

**Table 7.3: Existing Water System Assets**

Line Diameter (inches)	Linear Feet	Date Installed	Line Material	Repl. Cost		Years in Service	Current		Replacement		
				Per foot or each	Expected Lifespan		Replacement Value	Percent Depreciated	Depreciation	Cost New Less Depreciation	
<i>Water Lines</i>											
< 4-inch	2,860	1953	CI	\$ 306	55	71	\$ 875,160	100%	\$ 875,160	\$ -	
4-inch	15,920	1953	CI	306	55	71	4,871,520	100%	4,871,520	-	
4-inch	6,080	1963	CI	306	55	61	1,860,480	100%	1,860,480	-	
4-inch	4,050	1973	CI	306	55	51	1,239,300	93%	1,149,169	90,131	
6-inch	39,680	1953	CI	321	55	71	12,737,280	100%	12,737,280	-	
6-inch	5,490	1963	CI	321	55	61	1,762,290	100%	1,762,290	-	
6-inch	13,410	1973	CI	321	55	51	4,304,610	93%	3,991,547	313,063	
6-inch	1,260	1983	CI	321	55	41	404,460	75%	301,507	102,953	
6-inch	420	1993	CI	321	55	31	134,820	56%	75,989	58,831	
8-inch	3,475	1953	CI	401	55	71	1,393,475	100%	1,393,475	-	
8-inch	7,290	1963	CI	401	55	61	2,923,290	100%	2,923,290	-	
8-inch	23,175	1973	CI	401	55	51	9,293,175	93%	8,617,308	675,867	
8-inch	430	1983	CI	401	55	41	172,430	75%	128,539	43,891	
8-inch	3,390	1993	CI	401	55	31	1,359,390	56%	766,202	593,188	
8-inch	4,400	2002	PVC	437	55	22	1,922,800	40%	769,120	1,153,680	
10-inch	2,490	1953	CI	437	55	71	1,088,130	100%	1,088,130	-	
10-inch	645	1963	CI	437	55	61	281,865	100%	281,865	-	
10-inch	1,535	1973	CI	437	55	51	670,795	93%	622,010	48,785	
10-inch	1,250	1983	CI	437	55	41	546,250	75%	407,205	139,045	
10-inch	1,015	1993	CI	437	55	31	443,555	56%	250,004	193,551	
10-inch	1,100	2002	PVC	481	55	22	529,100	40%	211,640	317,460	
12-inch	2,760	1953	CI	481	55	71	1,327,560	100%	1,327,560	-	
12-inch	1,300	1973	CI	481	55	51	625,300	93%	579,824	45,476	
12-inch	1,985	1993	CI	481	55	31	954,785	56%	538,152	416,633	
Gloria Well 2018-19 <sup>1</sup>		2018	CI	135	30	6	1,504,812	20%	300,962	1,203,849	
O'Brian Turnout <sup>1</sup>		2021		135	30	3	205,615	10%	20,562	185,054	
Veolia - O'Brian <sup>1</sup>		2021		135	30	3	17,169	10%	1,717	15,452	
Bay Road <sup>1</sup>		2022		135	30	2	4,176,199	7%	278,413	3,897,786	
Subtotal (Waterlines)	145,410						\$ 57,625,615			\$ 9,494,697	

<sup>1</sup> Current replacement value shown net of grant funding.

Source: City of East Palo Alto.

**Table 7.3: Existing Water System Assets Continued**

Line Diameter (inches)	Linear Feet	Date Installed	Line Material	Repl. Cost Per foot or each	Expected Lifespan	Years in Service	Current		Percent Depreciated	Depreciation	Replacement Cost New Less Depreciation	
							Replacement Value	Value			Depreciation	Depreciation
<u>Gloria Well</u>	1.00	1979	N/A	\$ 500,000	55	45	\$ 500,000	82%	\$ 409,091	\$ 90,909		
<u>Hydrants</u>												
Fire Hydrant - 1 - 2 1/2"	26	1953	N/A	\$ 2,500	55	71	\$ 65,000	100%	\$ 65,000	\$ -		
Fire Hydrant - 1 - 2 1/2"	8	1963	N/A	2,500	55	61	20,000	100%	20,000			
Fire Hydrant - 1 - 2 1/2"	32	1973	N/A	2,500	55	51	80,000	93%	74,182		5,818	
Fire Hydrant - 1 - 2 1/2"	11	1983	N/A	2,500	55	41	27,500	75%	20,500		7,000	
Fire Hydrant - 1 - 2 1/2"	8	1993	N/A	2,500	55	31	20,000	56%	11,273		8,727	
Fire Hydrant - 2 - 2 1/2"	32	1953	N/A	2,500	55	71	80,000	100%	80,000			
Fire Hydrant - 2 - 2 1/2"	-	1963	N/A	2,500	55	61	-	100%	-			
Fire Hydrant - 2 - 2 1/2"	7	1973	N/A	2,500	55	51	17,500	93%	16,227		1,273	
Fire Hydrant - 2 - 2 1/2"	3	1983	N/A	2,500	55	41	7,500	75%	5,591		1,909	
Fire Hydrant - 2 - 2 1/2"	2	1993	N/A	2,500	55	31	5,000	56%	2,818		2,182	
Fire Hydrant - 2 - 2 1/2" & 1 - 4 1/2"	8	1953	N/A	3,000	55	71	24,000	100%	24,000			
Fire Hydrant - 2 - 2 1/2" & 1 - 4 1/2"	6	1963	N/A	3,000	55	61	18,000	100%	18,000			
Fire Hydrant - 2 - 2 1/2" & 1 - 4 1/2"	12	1973	N/A	3,000	55	51	36,000	93%	33,382		2,618	
Fire Hydrant - 2 - 2 1/2" & 1 - 4 1/2"	-	1983	N/A	3,000	55	41	-	75%	-			
Fire Hydrant - 2 - 2 1/2" & 1 - 4 1/2"	9	1993	N/A	3,000	55	31	27,000	56%	15,218		11,782	
Subtotal (Hydrants)	164						\$ 427,500			\$ 41,309		
<u>Pressure Regulating Valves</u>	5	1953	N/A	15,000			\$ 75,000	100%	\$ 75,000	\$ -		
Total							\$ 58,628,115			\$ 9,626,915		

Source: City of East Palo Alto.

## Facility Needs and Costs

**Table 7.4** identifies the planned water facilities to be funded by the fee. Projects were identified in the City's water System Master Plan and have been programmed into the City's CIP.

The allocation of project costs to new development were estimated as follows:

1. City staff identified those projects which were wholly needed because of new development, either in the existing City or within RBD.
2. For projects P-2, P-5, WA-03A and WS-05, the allocation to RBD was identified Table 9-3 of the Public Review Draft Ravenswood Business District / 4 Corners Specific Plan Update.
3. City staff identified projects that were needed to serve both existing and new development in non-RBD areas of the City, with no responsibility assigned to RBD. For these projects 23% of the project costs are allocated to new development, which corresponds with new development's share of total water EDUs at the planning horizon for areas of the City excluding RBD.
4. City staff identified projects that were needed to serve both RBD and the existing City areas. For these projects 45% of the project costs are allocated to new development, which corresponds with new development's share of total water EDUs at the planning horizon Citywide. Costs allocated to new development are then allocated to RBD and non-RBD areas based on each area's proportional share of new EDUs (RBD will comprise 66% of new EDUs at the planning horizon).

**Table 7.4: Water Facilities Costs to Serve New Development**

Project No.	Description	Total	Allocation to New Development	Cost Allocated to New Development	Non-RBD Allocation	RBD Allocation	Non-RBD Cost	RBD Cost
WS-01B	Emergency Water Connects - Palo Alto Park Mutual	\$ 545,000	23%	\$ 125,350	100%	0%	\$ 125,350	\$ -
WS-01C	Emergency Water Connects - O'Connor Tract Co-OP	350,000	23%	80,500	100%	0%	80,500	-
WS-01D	Emergency Water Connects - O'Brien Kavanaugh	365,000	23%	83,950	100%	0%	83,950	-
WS-04	Second Groundwater Well	3,100,000	23%	713,000	100%	0%	713,000	-
WS-03A	New Storage Tank - East of Highway 101	6,000,000	45%	2,700,000	20%	80%	540,000	2,160,000
WS-03B	New Storage Tank - West of Highway 101	6,000,000	23%	1,380,000	100%	0%	1,380,000	-
WS-05	Water Tank Siting Study	100,000	45%	45,000	20%	80%	9,000	36,000
P-2	New pipeline, SFPUC Tumout	1,423,000	100%	1,423,000	20%	80%	284,600	1,138,400
P-4	Replace 4"CI main on Jervis between Bay rd and Newbridge St with new 8" PVC main	2,713,000	23%	623,990	100%	0%	623,990	-
P-5	Replace existing 10" CI main on Demeter St between 351 Demeter St and 255 Demeter St with new 16" PVC main.	7,850,000	100%	7,850,000	0%	100%	-	7,850,000
P-8	Replace existing 4" CI main on Hunter Street bewteeb Purdue Ave and Georgetown St with new 8 PVV	760,000	23%	174,800	100%	0%	174,800	-
P-9	Replace existing 4" cl main on Baylor st between Notre Dame and Michigan	760,000	23%	174,800	100%	0%	174,800	-
P-10	Replace existing 4"CI main in Gonzaga st between Michigan Ave and Bay road with new 8" PVC	556,000	23%	127,880	100%	0%	127,880	-
p-11	Replace existing 4' CI main on Farrington Way between Kavanaugh Dr and Ursula way with New 8' PVC main	769,000	23%	176,870	100%	0%	176,870	-
P-12	Replace existing 4' CI main on Hazelwood Way between Kavanaugh Dr and Ursula Way	1,068,000	23%	245,640	100%	0%	245,640	-
P-13	Replace existing 8" CI, 10" AC, and 10" unknown mains from connection to the 1240 O'Brien turnout on O'Brien Drive through an existing easement to Ralmar Avenue with new 12" PVC main	845,000	45%	380,250	34%	66%	129,285	250,965
P-14	New Pressure Reducing Valve	2,529,000	45%	1,138,050	34%	66%	386,937	751,113
P-15	Pipelone Replacement(4) and Connection	3,968,000	23%	912,640	100%	0%	912,640	-
P-16	X2 Pipeline replacements(Euclid)(Donahoe)	2,792,000	23%	642,160	100%	0%	642,160	-
P-17	X2 Pipeline replacements(Sacramento st)(Weeks and Univ)	1,148,000	23%	264,040	100%	0%	264,040	-
P-19	Pipeline Replacment (Runnymede and Donahoe)	1,852,000	23%	425,960	100%	0%	425,960	-
P-20	Replace Pipeline 6' main on Euclid between Runnymede and Donahoe	1,797,000	23%	413,310	100%	0%	413,310	-
P-21	3 Pipeline replacements	2,910,000	23%	669,300	100%	0%	669,300	-
P-22	Replace existing 4CI main on Garden St between Clarke Ave 1004 Garden St with new 8" PVC Main	3,690,000	23%	848,700	100%	0%	848,700	-

Sources: City of East Palo Alto Water System Master Plan, 2023; Table 9-3, Public Review Draft Ravenswood / 4 Corners TOD Specific Plan Update; City of East Palo Alto Ten Year Capital Improvement Program (CIP) Update FY 2024-2025; Willdan Financial Services.

**Table 7.4: Water Facilities Projects and Allocation to New Development Continued**

Project No.	Description	Total	Allocation to New Development	Cost Allocated to New Development	Non-RBD Allocation	RBD Allocation	Non-RBD Cost	RBD Cost
P-24	Pipeline Replacment - Existing 6 CI main on O'Conner Rd between Larkspur dr and 1161 O'Conner st and O'Conner and the 6" main from O'Conner St to 421 Daisy Ln with new 8" PVC main	667,000	23%	153,410	100%	0%	153,410	-
P-25	Connect the two hydrant within the shopping mall at 1721 E Bayshore Rd to the existing 12" PVC at E.Bayshore rd with 12" PVC main	160,000	23%	36,800	100%	0%	36,800	-
P-27	Replace existing 4"CL main on Camelia Ct from Camelia Dr to the end of the circle with new 8" PVC Main	353,000	23%	81,190	100%	0%	81,190	-
P-28	Replace existing 4" CI main on Aster Way between Daphne Way and Wisteria Dr with 8" PVC	770,000	23%	177,100	100%	0%	177,100	-
P-29	Pipeline replacement e,Baysh between1805 E. Baysh and Pulgas Pipeline Replacement on East Bayshore Road	1,290,000	23%	296,700	100%	0%	296,700	-
P-30	X2 Pipeline replacements(Woodland)(CLarke and Woodland)	2,949,000	23%	678,270	100%	0%	678,270	-
P-31	New Pipeline Connection - Install 10" PVC Main to connect mission dr to W bayshore Rd	73,000	23%	16,790	100%	0%	16,790	-
P-32	Pipeline Replacement - Replace existing 6" CI on Capital Ave and W Bayshore Rd between the intersection of Scofield Ave and Capital Ave to the Intersection of W Bayshore Rd and Newell Rd with 12" PVC main	2,840,000	23%	653,200	100%	0%	653,200	-
P-33	Replace existing 8" CI on Euclid Ave between O'Conner St and Woodland Ave and on Woodland Ave between Euclid Ave and University Ave with 12" PVC main	1,752,000	23%	402,960	100%	0%	402,960	-
P-34	Replace existing 8" CI on O'Conner st between 222 O'Conner St and Euclid Ave and the 6" CI main on between 222 O'Conner St and the German American Int. School with 12" PVC	1,588,000	23%	365,240	100%	0%	365,240	-
<b>Total</b>		<b>\$ 66,332,000</b>		<b>\$ 24,480,850</b>			<b>\$ 12,294,372</b>	<b>\$ 12,186,478</b>

Sources: City of East Palo Alto Water System Master Plan, 2023; Table 9-3, Public Review Draft Ravenswood / 4 Corners TOD Specific Plan Update; City of East Palo Alto Ten Year Capital Improvement Program (CIP) Update FY 2024-2025; Willdan Financial Services.

## Buy In Component

Every capacity fee consists of a dollar amount, representing the value of facilities, divided by a measure of demand. In this case, buy-in fees are first calculated as the system value per gallon per day (GPD). Then these amounts are translated into fees per housing unit (fee per unit) and employment space (fee per 1,000 square feet) by multiplying the cost per GPD by the flow generation rate for each land use category. These amounts become the fee schedule.

The calculation of the buy-in fee per GPD for water capacity is shown in **Table 7.5**. The City provided the sewer system’s production capacity, which is six million gallons per day. The adjusted system value divided by the total capacity of the system yields the water capacity fee component per gallon per day of \$2.78. This amount is multiplied by the assumption of 260 gallons per day per EDU to determine buy-in fee per EDU.

**Table 7.5: Buy In Component**

Existing System Value	\$	9,626,915
Total System Capacity (MGD)		3.46
Cost per GPD	\$	2.78
GPD per EDU		260
Buy In Cost per EDU	\$	723

Sources: City of East Palo Alto Water System Master Plan, 2023; Table 9-1, Ravenswood / 4 Corners TOD Specific Plan Update; Tables 7.1 and 7.3, Willdan Financial Services.

## Water Supply Component

The City relies on wholesale water supplied by SFPUD for 100% of the community’s water supply needs under normal operating conditions. **Table 7.6** shows the calculation of the cost per gallon per day (and consequently EDU) for the water supply component. The total acquisition cost is divided by the water supply available for new development, net of system loss. The resulting cost per GPD is multiplied by the GPD per EDU to determine the cost per EDU.

**Table 7.6: Water Supply Component**

Acquisition Cost of 1 mgd SFPUC Water Supply Assurance	\$5,000,000
SFPUC Water Supply Assurance Acquired (Gallons per Day)	1,000,000
% Available for Customer Supply (Net of System Loss)*	92%
Net Water Supply Available for New Demand	920,000
Average Cost of New Water Supply per GPD	\$ 5.43
GPD per EDU	260
Cost per EDU	\$ 1,412

Source: City of East Palo Alto.

## Total Cost per EDU

**Table 7.7** calculates a cost per EDU, which includes a buy-in component, a water supply component, and a water facilities component. The buy in and water supply components are the same regardless of where a project is located. The water facilities component varies by RBD and non-RBD areas.

The cost per EDU for water facilities is calculated by dividing the total cost of projects allocated to new development in each area of the City identified in by the growth in EDUs identified in Table 7.2. The resulting cost per EDU is added to the buy in and water supply costs per EDU to determine the total cost per EDU. The total cost per EDU is divided by 260 gallons per day to determine the cost per GPD which is used to calculate the nonresidential fees in a subsequent table.

**Table 7.7: Cost per EDU**

Buy in Cost per EDU	\$	723
Water Supply Cost per EDU	\$	1,412

**Non-RBD**

*Growth Related Capital*

Net Cost of Planned Facilities Allocated to Area	\$	12,294,372
Growth in EDUs (2023 to 2040)		2,214
Cost per EDU	\$	5,553
Total Cost per EDU	\$	7,688
Total Cost per GPD	\$	29.57

**RBD**

*Growth Related Capital*

Net Cost of Planned Facilities Allocated to Area	\$	12,186,478
Growth in EDUs (2023 to 2040)		4,910
Cost per EDU	\$	2,482
Total Cost per EDU	\$	4,617
Total Cost per GPD	\$	17.76

Note: One EDU is equal to 260 GPD.

Sources: Tables 7.2, 7.4, 7.5 and 7.6.

## Projected Fee Revenue

**Table 7.8** shows the projected fee revenue. The difference between the net project cost and the projected fee revenue is existing development’s share of the planned facilities, often referred to as an existing deficiency. This existing deficiency cannot be funded through the impact fees. The City can use any funding source other than the impact fees to pay for the existing deficiency.

**Table 7.8: Projected Fee Revenue**

Net Project Cost	\$	66,332,000
Projected Fee Revenue (RBD)		12,186,478
Projected Fee Revenue (Non RBD)		12,294,372
Existing Deficiency	\$	41,851,150

Source: Table 7.4.

## Fee Schedules

The maximum justified water capacity fees for residential development are shown in **Table 7.9**. The total cost per EDU is converted to a fee per average residential unit of new development based on the EDU factors from Table 7.1. The resulting fees per average unit are divided by the average square feet per type of unit to determine the fee per square foot of living space.

**Table 7.9: Residential Water Facilities Fee Schedule**

	A	B	C = A x B	D = C / Average
	Cost Per EDU	EDU Factor	Base Fee <sup>1</sup>	Fee per Sq. Ft. <sup>2</sup>
<b>Non-RBD</b>				
<i>Residential Dwelling Unit</i>				
Single Family	\$ 7,688	1.00	\$ 7,688	\$ 4.52
Multifamily	7,688	0.62	4,767	5.45
<b>RBD</b>				
<i>Residential Dwelling Unit</i>				
Single Family	\$ 4,617	1.00	\$ 4,617	\$ 2.72
Multifamily	4,617	0.62	2,863	3.27

<sup>1</sup> Fee per average sized dwelling unit or per 1,000 square feet of nonresidential.

<sup>2</sup> Assumes 1,700 square feet per single family unit and 875 square feet per multifamily unit.

Sources: Tables 7.2 and 7.7.

**Table 7.10** presents the nonresidential water capacity fees by water meter size. It is assumed that a ¾” meter is appropriate to accommodate flow of 380 GPD. The assumed flow for larger meters is scaled based on the capacity of other meter sizes relative to the ¾” meter. Using water meter size to drive the fee schedule is reasonable and directly proportional to the amount of water that can be accommodated by a connection.

**Table 7.10: Nonresidential Water Fee Schedule**

Meter Size	Water		Fee per GPD	Impact Fee per Meter
	Capacity Ratio	Demand (GPD)		
<b>Non-RBD</b>				
3/4 inch	1.00	380	\$ 29.57	\$ 11,237
1 inch	1.67	633	29.57	18,718
1-1/2 inch	3.33	1,267	29.57	37,465
2 inch	5.33	2,027	29.57	59,938
3 inch	10.00	3,800	29.57	112,366
4 inch	16.67	6,333	29.57	187,267
<b>RBD</b>				
3/4 inch	1.00	380	\$ 17.76	\$ 6,749
1 inch	1.67	633	17.76	11,242
1-1/2 inch	3.33	1,267	17.76	22,502
2 inch	5.33	2,027	17.76	36,000
3 inch	10.00	3,800	17.76	67,488
4 inch	16.67	6,333	17.76	112,474

<sup>1</sup> Based on AWWA standard meter capacities for each meter size, divided by the meter capacity for a 3/4" meter. Assumes 380 GPD for 3/4" meter.

<sup>2</sup> Demand per meter size increases based on the capacity ratio relative to a 3/4" meter.

Sources: Table 7.7, AWWA; Willdan Financial Services.

## Mitigation Fee Act Findings

The five statutory findings required for adoption of the water facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the Act.

### Purpose of Fee

- ♦ Identify the purpose of the fee (§66001(a)(1) of the Act).

The water facilities fee is designed to ensure that new development will not burden existing development in the City with the cost of water facilities required to accommodate growth. The purpose of the fees documented in this chapter is to provide a funding source from new development in the City for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide water facilities to serve new development.

### 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. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).

If enacted by the City the water facilities fee would be used to fund capacity expanding water facilities to serve new development both in the RBD and non-BRD areas of the City. Facilities funded by these fees are designated to be located within the City limits. A list of planned water facilities projects is included above in Table 7.4

## Benefit Relationship

- ◆ *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and water infrastructure, and purchase of related equipment, used to serve new development. Facilities funded by the fees are expected to provide a network of facilities needed to provide water service to the residents and workers associated with new development. Using the planned facilities cost allocation methodology outlined in Chapter 1, and the cost per gallon per day standard calculated in Table 7.7, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used to correct existing deficiencies. A deficiency associated with existing development's share of the planned facilities is identified in Table 7.8, which will not be funded by impact fee revenue. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

## Burden Relationship

- ◆ *Determine the reasonable relationship between the need for the Citywide transportation facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

New residential and nonresidential development will generate additional population growth, which in turn will generate water flow. An increase in water flow generation will increase the demand for water facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the water facilities fee, demand is measured by a single facility standard (cost per gallon per day) that can be applied across land use types to ensure a reasonable relationship to the type of development. Project costs in Table 7.4 are allocated to new development, and then to new development within RBD and outside of RBD based on input from the City's Public Works department. The cost per gallon per day standard is calculated by dividing the net costs allocated to new development in each geography by the increase in flow demand associated with residential and nonresidential development. See the *Water Demand* and *EDU Generation by New Development* sections above for a discussion of water demand and an estimate of current and projected flow.

## Proportionality

- ◆ *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated flow generation produced by each development project. Fees for a specific project are based on the project's size. Larger development projects can result in a higher flow generation resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 7.1 for the flow generation assumptions that drive the proportionality of the fees between the land uses included in this study.

# 8. Storm Drain Facilities

This chapter summarizes an analysis of the need for storm drain facilities to accommodate growth within East Palo Alto. The projects and associated costs in this chapter were identified in the City’s CIP. This chapter documents a reasonable relationship between new development and an impact to fund storm drain facilities that serve new development.

## Storm Drain Demand

Most new development generates storm water runoff that must be controlled through storm drain facilities by increasing the amount of land that is impervious to precipitation. **Table 8.1** shows the estimates of impervious surface generation by the various land use categories included in this study. The table uses estimates of development density from the General Plan, and average percent impervious from the City’s Storm Drain Master Plan to estimate the amount of impervious acres associated with each type of dwelling unit, and the square footage associated with the nonresidential land uses included in this study.

**Table 8.1: Storm Drain Demand**

	DU or KSF per acre <sup>1</sup>	Average Percent Impervious <sup>2</sup>	Impervious Square Feet per Unit	Impervious Acres per Unit
<i>Residential</i>				
Single Family	12.00	60%	2,178	0.050
Multifamily	22.00	90%	1,782	0.041
<i>Nonresidential</i>				
Retail	43.56	90%	900	0.021
Office and R&D	87.12	75%	375	0.009
Industrial	43.56	80%	800	0.018

<sup>1</sup> Dw elling units for residential and thousand building square feet for non-residential. Density based on estimated development and acreage for each land use type in the *General Plan*. Nonresidential densities are based on floor-area-ratios of 1.0 for retail, 2.0 for office, and 1.0 for industrial, derived from the ranges in Table 4-2 of the *General Plan Land Use Element*.

<sup>2</sup> From Table 2-2 in the 2014 East Palo Alto Storm Drain Master Plan.

<sup>2</sup> EDUs per dw elling unit for residential development and per thousand square feet for nonresidential development.

Sources: *East Palo Alto General Plan Land Use Element*, Table 4-2; *2014 East Palo Alto Storm Drain Master Plan*, Table 2-2; Willdan Financial Services.

## Impervious Surface Generation by New Development

**Table 8.2** shows the estimated impervious surface generation from new development through 2045 for the non-RBD and RBD areas of the City. New development will generate approximately 192.79 acres of impervious surface Citywide through 2045.

**Table 8.2: Impervious Acres**

	Impervious Acres per Unit or KSF	2023		Growth 2023 to 2045		2045	
		DU or 1,000 Sq. Ft.	Impervious Acres	DU or 1,000 Sq. Ft.	Impervious Acres	DU or 1,000 Sq. Ft.	Impervious Acres
<b>Non RBD</b>							
<i>Residential</i>							
Single Family	0.050	4,529	226.45	993	49.65	5,522	276.10
Multifamily	0.041	3,262	133.74	691	28.33	3,953	162.07
Subtotal		7,791	360.19	1,684	77.98	9,475	438.17
<i>Nonresidential</i>							
Retail	0.021	425	8.93	221	4.64	646	13.57
Office and R&D	0.009	525	4.73	704	6.34	1,229	11.06
Industrial	0.018	75	1.35	-	-	75	1.35
Subtotal		1,025	15.01	925	10.98	1,950	25.98
Total - Non RBD			375.20		88.96		464.15
<b>RBD</b>							
<i>Residential</i>							
Single Family	0.050	203	10.15	-	-	203	10.15
Multifamily	0.041	147	6.03	1,600	65.60	1,747	71.63
Subtotal		350	16.18	1,600	65.60	1,950	81.78
<i>Nonresidential</i>							
Retail	0.021	125	2.63	112	2.36	237	4.99
Office and R&D	0.009	200	1.80	3,335	30.02	3,535	31.82
Industrial	0.018	125	2.25	325	5.85	450	8.10
Subtotal		450	6.68	3,772	38.23	4,222	44.91
Total - RBD			22.86		103.83		126.69
Total - Citywide			398.06		192.79		590.84

Sources: Tables 2.1, 2.2 and 8.1.

## Planned Facilities

**Table 8.3** identifies the planned storm drain facilities to be funded by the fee. The new storm drain facilities were identified in the City’s CIP and the RBD Specific Plan Update. The allocation of project costs to new development were estimated as follows:

1. City staff identified those projects which were wholly needed as a result of new development, either in the existing City or within RBD.
  - a. Projected needed solely to serve new development in RBD are allocated 100% to RBD.
  - b. Projects that are needed to serve both the existing City and RBD are allocated to each area based on each area’s proportional share of new impervious surface (RBD will comprise 54% of new impervious surface at the planning horizon)

2. City staff identified projects that were needed to serve both existing and new development, with no responsibility assigned to RBD. For these projects 19% of the project costs are allocated to new development, which corresponds with new development's share of total impervious surface at the planning horizon for areas of the City excluding RBD.
3. City staff identified projects that were needed to serve both RBD and the existing City areas. For these projects 33% of the project costs are allocated to new development, which corresponds with new development's share of total impervious surface at the planning horizon Citywide. Costs allocated to new development are then allocated to RBD and non-RBD areas based on each area's proportional share of new impervious surface (RBD will comprise 54% of new impervious surface at the planning horizon).

**Table 8.3: Storm Drain Projects and Allocation to New Development**

Project No.	Description	Total Cost	Identified Funding	Net Cost	Cost					
					Allocation to New Development	Allocated to New Development	Non-RBD Allocation	RBD Allocation	Non-RBD Cost	RBD Cost
SD-06A/B	O'Connor Pump Station - Phase I and II	\$ 14,800,000	\$ 800,000	\$ 14,000,000	33%	\$ 4,620,000	46%	54%	\$ 2,125,200	\$ 2,494,800
SD-06C	Runnymede Tide flex	300,000	-	300,000	19%	57,000	100%	0%	57,000	-
SD-08	Full Trash Capture Device Installation	2,575,000	2,225,000	350,000	19%	66,500	100%	0%	66,500	-
SD-10	Harvest Weeks Pipe	1,400,000	-	1,400,000	100%	1,400,000	0%	100%	-	1,400,000
SD-11	Illinos-Purdue Pipe	2,100,000	-	2,100,000	100%	2,100,000	0%	100%	-	2,100,000
SD-13	Purdue-Bay Pipe	3,100,000	-	3,100,000	100%	3,100,000	0%	100%	-	3,100,000
SD-14	Bay Road Pump Station	8,225,000	-	8,225,000	100%	8,225,000	46%	54%	3,783,500	4,441,500
SD-16	Runnymede Pump Station	19,500,000	-	19,500,000	100%	19,500,000	0%	100%	-	19,500,000
	Bay Road to O'Connor	2,548,000	-	2,548,000	19%	484,120	100%	0%	484,120	-
	Channel Improvements	1,625,000	-	1,625,000	19%	308,750	100%	0%	308,750	-
	Newbridge	1,365,000	-	1,365,000	19%	259,350	100%	0%	259,350	-
	O'Connor & Euclid	949,000	-	949,000	19%	180,310	100%	0%	180,310	-
	O'Connor PS Improvement - Phase III	8,541,000	-	8,541,000	33%	2,818,530	46%	54%	1,296,524	1,522,006
	Ralmar	897,000	-	897,000	19%	170,430	100%	0%	170,430	-
	Willow Rd	6,240,000	-	6,240,000	19%	1,185,600	100%	0%	1,185,600	-
	Camellia Dr	598,000	-	598,000	19%	113,620	100%	0%	113,620	-
	Camelia to Azelia	715,000	-	715,000	19%	135,850	100%	0%	135,850	-
	Menalto and Green	650,000	-	650,000	19%	123,500	100%	0%	123,500	-
	Daphne to Jasmine	858,000	-	858,000	19%	163,020	100%	0%	163,020	-
	System Upgrades and Repairs	1,339,000	-	1,339,000	19%	254,410	100%	0%	254,410	-
	Bay Road	169,000	-	169,000	19%	32,110	100%	0%	32,110	-
	Cooley	169,000	-	169,000	19%	32,110	100%	0%	32,110	-
	Demter St	455,000	-	455,000	19%	86,450	100%	0%	86,450	-
	Donohoe	221,000	-	221,000	19%	41,990	100%	0%	41,990	-
	Glen Way	351,000	-	351,000	19%	66,690	100%	0%	66,690	-
	Kavanaugh	598,000	-	598,000	19%	113,620	100%	0%	113,620	-
	Manhattan	52,000	-	52,000	19%	9,880	100%	0%	9,880	-
	Myrtle St	260,000	-	260,000	19%	49,400	100%	0%	49,400	-
	O'Brien	364,000	-	364,000	19%	69,160	100%	0%	69,160	-
	University Ave	273,000	-	273,000	19%	51,870	100%	0%	51,870	-
	Weeks End	377,000	-	377,000	19%	71,630	100%	0%	71,630	-
<b>Total</b>		<b>\$81,614,000</b>	<b>\$3,025,000</b>	<b>\$78,589,000</b>					<b>\$ 11,332,594</b>	<b>\$34,558,306</b>

Sources: Table 9-6, Ravenswood / 4 Corners TOD Specific Plan Update; City of East Palo Alto Ten Year Capital Improvement Program (CIP) Update FY 2024-2025; Willdan Financial Services.

## Projected Fee Revenue

**Table 8.4** shows the projected fee revenue. The difference between the net project cost and the projected fee revenue is existing development’s share of the planned facilities, often referred to as an existing deficiency. This existing deficiency cannot be funded through the impact fees. The City can use any funding source other than the impact fees to pay for the existing deficiency.

**Table 8.4: Projected Fee Revenue**

Net Project Cost	\$ 78,589,000
Projected Fee Revenue (RBD)	34,558,306
Projected Fee Revenue (Non RBD)	11,332,594
Existing Deficiency	\$ 32,698,100

Source: Table 8.3.

## Fee per Impervious Acre

This chapter uses the planned facilities approach to calculate the storm drain facilities cost standard. The cost of planned facilities allocated to new development is divided by the increase in impervious acres to determine a fee per impervious acre of development. **Table 8.5** shows these costs.

**Table 8.5: Fee per Impervious Acre**

<b>Non RBD</b>	
Net Cost of Planned Facilities Allocated to Area	\$ 11,332,594
New Development Impervious Acres	88.96
Cost per Impervious Acre	\$ 127,390
<b>RBD</b>	
Net Cost of Planned Facilities Allocated to Area	\$ 34,558,306
New Development Impervious Acres	103.83
Cost per Impervious Acre	\$ 332,835

Sources: Tables 8.1 and 8.2.

## Existing Impervious Surface

Existing impervious paving and buildings that are removed do not receive credit under the City’s existing impact fee ordinance. However, credit is available for projects that reduce site drainage beyond standard engineering calculations.

The rationale for not crediting existing buildings or paving that are demolished, is as follows:

1. Giving credit to large properties with existing impervious areas unfairly offloads and increases the impact fee for vacant unimproved properties.
2. Site drainage for many properties does not meet current City and NPDES standards and flows onto adjacent properties or to the Bay.
3. NPDES permits do not give credit to existing impervious surface.
4. When redeveloped, these properties must be engineered to drain to the City's storm drainage system.
5. Per City and RBD studies, the existing system is deficient to serve development sites and significant upgrades are necessary to meet current requirements (e.g., new pump stations to serve the RBD and a significant upgrade to the O'Conner pump station.).

## Mitigation Fee Act Findings

The five statutory findings required for adoption of the storm drain facilities fees documented in this chapter are presented below and supported in detail by the analysis above. All statutory references are to the Act.

### Purpose of Fee

- ♦ *Identify the purpose of the fee (§66001(a)(1) of the Act).*

The storm drain facilities fee is designed to ensure that new development will not burden existing development in the City with the cost of storm drain facilities required to accommodate growth. The purpose of the fees documented in this chapter is to provide a funding source from new development in the City for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide storm drain facilities to serve new development.

### 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. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the Act).*

If enacted by the City the storm drain facilities fee would be used to fund capacity expanding storm drain facilities to serve new development both in the RBD and non-BRD areas of the City. Facilities funded by these fees are designated to be located within the City limits. A list of planned storm drain facilities projects is included above in Table 8.4.

### Benefit Relationship

- ♦ *Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the Act).*

The City will restrict fee revenue to the acquisition of land, construction of facilities and storm drain infrastructure, and purchase of related equipment used to serve new development. Facilities funded by the fees are expected to provide a network of facilities needed to mitigate the storm water runoff generated by new development. Using the planned facilities cost allocation methodology outlined in Chapter 1, and the cost per impervious acre calculated in Table 8.5, the resulting fees ensure that new development will only fund its fair share of improvements, and impact fee revenue will not be used to correct existing deficiencies. Thus, a reasonable relationship can be shown between

the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

## Burden Relationship

- ◆ *Determine the reasonable relationship between the need for the Citywide transportation facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).*

New residential and nonresidential development will generate impervious surface, which in turn will generate storm water runoff. An increase in storm water runoff will increase the demand for storm drain facilities. Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. For the storm drain facilities fee, demand is measured by a single facility standard (cost per acre of impervious surface) that can be applied across land use types to ensure a reasonable relationship to the type of development. Project costs in Table 8.3 are allocated to new development, and then to new development within RBD and outside of RBD based on input from the City's Public Works department. The cost per acre of impervious surface standard is calculated by dividing the net costs allocated to new development in each geography by the increase in impervious surface associated with residential and nonresidential development. See the *Storm Drain Demand* and *Imperious Surface Generation by New Development* sections above for a discussion of storm drain demand and an estimate of current and projected impervious surface.

## Proportionality

- ◆ *Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).*

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the impervious surface generation produced by each development project. Fees for a specific project are based on the project's size. Larger development projects can result in a higher impervious surface generation resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project. See Table 8.1 for the impervious surface assumptions that were used to estimate current and projected impervious surface.

Development projects that build and dedicate storm drainage infrastructure to the City as part of the project are eligible to receive credit against their impact fee obligation. Development projects can satisfy their obligations through a combination of fees and dedication/credits. Section 13.28.080 of the City's municipal code details the City's criteria for receiving credits.

# 9. AB 602 Requirements

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On January 1, 2022, new requirements went into effect for California jurisdictions implementing impact fees. Among other changes, AB 602 added Section 66016.5 to the Government Code, which set guidelines for impact fee nexus studies. Four key requirements from that section which concern the nexus study are reproduced here:

66016.5. (a) (2) When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service, and include an explanation of why the new level of service is appropriate.

66016.5. (a) (4) If a nexus study supports the increase of an existing fee, the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of fees collected under the original fee.

66016.5. (a) (5) 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.

66016.5. (a) (6) Large jurisdictions shall adopt a capital improvement plan as a part of the nexus study. [The City of East Palo Alto is considered a “large jurisdiction” within the meaning of Section 66016.5(a)(6), and the definition in Health and Safety Code Section 53559.1 Subdivision (h) because it is in a County with more than 250,000 residents]

## Compliance with AB 602

The following sections describe this study’s compliance with the new requirements of AB 602.

### 66016.5. (a) (2) - Level of Service

1. For the fees calculated under the system standard methodology, the maximum justified fees represent an increase in the facility level of service. The fees calculated under this methodology are the parks and trail, and public facility fees. The increased level of service is required to fund new development’s fair share of facilities identified in the City’s most recent CIP, which is informed by the City’s RBD/4 Corners Specific Plan Update and the Parks, Recreation, and Open Space Master Plan. New development will not fund the entirety of the increase in level of service, rather, it will fund a share of the increased level of service represented by the planned facilities. The City will have to fund existing development’s share of the increased level of service through any other funding source. Each chapter for facility fee categories that are increasing the level of service include a table that shows the existing level of service and future level of service in terms of facility investment per capita.
2. For fees calculated under the planned facilities methodology, the fees are calculated to ensure that the level of service does not fall to unacceptable levels. The fees calculated under this approach are the transportation-related, water facilities and storm drainage facility fees. The LOS analysis for RBD projects is based on the RBD Transportation Impact Analysis, prepared by Hexagon Transportation Consultants. The water facilities were identified in the City’s Water System Master Plan and Utilities Infrastructure Study for the RBD/4 Corners Specific Plan Update. The needed storm drainage facilities were identified in the Utilities Infrastructure Study for the RBD/4 Corners Specific Plan Update and the City’s CIP.

## 66016.5. (a) (4) – Review of Original Fee Assumptions

Willdan extensively reviewed the City’s prior impact fee studies while conducting this fee analysis. Notable this study differs from the 2019 study in several ways:

1. Potential development in the RBD has increased significantly. Refer to *Chapter 2, Growth Forecasts* for estimates of potential development in the City.
2. Cost assumptions have been updated to current dollars. The costs in the 2019 study were considerably lower than current market costs for construction of new facilities and the acquisition of land. Further, the 2019 study only included a limited list of projects. Since that time the City has completed significant facility planning, reflected in the Parks and Trails Master Plan and CIP.
3. This study made use of the most current project lists and inventories of existing facilities where relevant.
4. For the public facilities and parks and trail facilities this study used a different methodology for calculating impact fees. Rather than only allocating future facility costs to existing and new development, this updated study uses the system plan method to calculate fees for public facilities and parks and trail facilities. The system plan approach is used because it takes into account the sizable investment that the City has already made in existing facilities in order to evaluate the achieved level of service at the planning horizon. Excluding the value of the existing facilities from the calculation would underrepresent the investment that existing development has made in facilities and overstate the existing deficiencies.

**Table 9.1** displays an accounting of annual revenue collected over the last five fiscal years for the impact fees included in this analysis.

**Table 9.1: Annual Collected Impact Fee Revenue**

Fee Category	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Total
Parks and Trails	-	11,389	21,113	9,110	-	41,612
Public Facilities	-	19,973	44,336	16,048	-	80,357
Transportation	-	6,498	189,339	6,806	-	202,643
Water	-	8,147	473,142	25,913	-	507,202
Storm Drainage	-	21,088	261,823	14,617	-	297,528
Total	-	67,095	989,753	72,494	-	1,129,342

Source: City of East Palo Alto.

## 66016.5. (a) (5) – Residential Fees per Square Foot

Impact fees for residential land uses are calculated per square foot for all fee categories except for storm drainage. The storm drainage fees are based on the impervious surface generated by each development project and are directly proportional to the demand for storm drainage from new development.

## 66016.5. (a) (6) – Capital Improvement Plan

The Capital Improvement Plan for this nexus study is comprised of the identified planned facilities within each facility fee chapter. Planned facilities identified in this document are sourced from the City’s current adopted CIP, master plans and other relevant documents, including the Ravenswood Specific Plan Update Transportation Analysis which discusses the Bay Road improvements.

Adoption of this nexus study would approve the planned facilities identified herein as the Capital Improvement Plan for this nexus study.

## Housing and Community Development Nexus Study Template

As part of AB 602 the California Department of Housing and Community Development produced a “nexus study template” that provides a framework that jurisdictions can utilize to adopt or update an impact fee program affecting residential development in accordance with the requirements of relevant sections of the Government Code. The template provides eight key steps to be undertaken as part of the nexus study preparation and the process to adopt or update a development impact fee that will be applicable to residential development.

This study followed the nexus study template as described below:

### Step 1: Reasoning Behind Impact Fee Program

Refer to the “Purpose of the Fee” section within the Mitigation Fee Act findings section of each fee chapter for the reasoning behind each impact fee calculated in this study.

### Step 2: Existing and Future Development Projections

Refer to Tables 2.1 and 2.2 for the existing and future development projections used in this study.

### Step 3: Determination of Facility Standards

Each chapter identifies facility standards, expressed as a cost per capita, cost per trip, cost per gallon per day of water flow, or cost per acre of impervious surface.

### Step 4: Cost of Facilities to Serve New Development

Each chapter identifies the cost of facilities needed to serve new development. Refer to Tables

### Step 5: Fair Share Allocation of Facility Costs to New Development

Each chapter describes the facility costs are allocated to new development.

### Step 6: Maximum Fee Based on Nexus Analysis

Refer to the “Fee Schedule” section of each chapter for the maximum justified impact fee schedule for each impact fee category.

### Step 7: Financial Impact of Fees

While not included in this nexus study, Willdan Financial Services is providing a comparison of impact fees and a financial feasibility analysis to accompany the nexus study.

### Step 8: Fee Adoption and Program Implementation

The City Council will consider implementing the fee schedules included in this study. The Council will consider the policy options outlined in the nexus study template during the public hearing for fee adoption.

# 10. Implementation

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## Impact Fee Program Adoption Process

Impact fee program adoption procedures are found in the *California Government Code* section 66016. Adoption of an impact fee program requires the City Council to follow certain procedures including holding a public hearing. The impact fee nexus study must first be adopted at a public hearing to comply with AB 602. That public hearing must be noticed at least 30 days in advance. Data, such as an impact fee report, must be made available at least 10 days prior to the public hearing. The City's legal counsel should be consulted for any other procedural requirements as well as advice regarding adoption of an enabling ordinance and/or a resolution. After adoption there is a mandatory 60-day waiting period before the fees go into effect.

## Inflation Adjustment

The City can keep its impact fee program up to date by periodically adjusting the fees for inflation. Such adjustments should be completed regularly to ensure that new development will fully fund its share of needed facilities. We recommend that the Engineering News Record's Construction Cost Index (CCI) be used for adjusting fees for inflation.

While fee updates using inflation indices are appropriate for periodic updates to ensure that fee revenues keep up with increases in the costs of public facilities, the City will also need to conduct more extensive updates of the fee documentation and calculation (such as this study) when significant new data on growth forecasts and/or facility plans become available.

## Reporting Requirements

The City complies with the annual and five-year reporting requirements of the *Mitigation Fee Act*. For facilities to be funded by a combination of public fees and other revenues, identification of the source and amount of these non-fee revenues is essential. Identification of the timing of receipt of other revenues to fund the facilities is also important. **Table 10.1** summarizes the annual and five-year Mitigation Fee Act reporting requirements.

## CEQA

The approval of the Nexus Study and the proposed Development Impact Fee Schedule would not have a significant impact on the environment and would be exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) of the State CEQA Guidelines because these actions would involve only the adoption of a study and fee schedule, and no specific development would be authorized. No physical activity would occur until all required environmental review is conducted at the time the physical improvements are undertaken at a future date. Therefore, the approval and adoption of the Nexus Study and proposed Development Impact Fee Schedule does not have the potential for causing a significant effect on the environment. In addition, the adoption of a resolution approving and setting forth a procedure for determining fees for the purpose of obtaining funds for capital projects and equipment necessary to maintain service within existing service areas and is statutorily exempt from CEQA pursuant to State CEQA Guidelines 15273(a)(4).

**Table 10.1: Annual and Five-year Mitigation Fee Act Administrative Requirements**

CA Gov't Code Section	Timing	Reporting Requirements <sup>1</sup>	Recommended Fee Adjustment
66001.(d)	The fifth fiscal year following the first deposit into the account or fund, and every five years thereafter	(A) Identify the purpose to which the fee is to be put. (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged. (C) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements. (D) Designate the approximate dates on which supplemental funding is expected to be deposited into the appropriate account or fund.	Comprehensive Update
66006. (b)	Within 180 days after the last day of each fiscal year	(A) A brief description of the type of fee in the account or fund. (B) The amount of the fee. (C) The beginning and ending balance of the account or fund. (D) The amount of the fees collected and the interest earned. (E) An identification of each public improvement on which fees were expended including share funded by fees. (F) (i) An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement and the public improvement remains incomplete. (ii) An identification of each public improvement identified in a previous report pursuant to clause (i) and whether construction began on the approximate date noted in the previous report. (iii) For a project identified pursuant to clause (ii) for which construction did not commence by the approximate date provided in the previous report, the reason for the delay and a revised approximate date that the local agency will commence construction. (G) A description of any potential interfund transfers. (H) The amount of refunds made (if any).	Inflationary Adjustment

<sup>1</sup> Edited for brevity. Refer to the government code for full description.

Sources: California Government Code §66001 and §66006.

## Programming Revenues and Projects with the CIP

The City maintains a Capital Improvement Program (CIP) to plan for future infrastructure needs. The CIP identifies costs and phasing for specific capital projects. The use of the CIP in this manner documents a reasonable relationship between new development and the use of those revenues.

The City may decide to alter the scope of the planned projects or to substitute new projects as long as those new projects continue to represent an expansion of the City's facilities. If the total cost of facilities varies from the total cost used as a basis for the fees, the City should consider revising the fees accordingly.

**EXHIBIT B**

**CITY OF EAST PALO ALTO  
DEVELOPMENT IMPACT FEE SCHEDULE  
(Effective May 4, 2025)**

**1. PARKS AND TRAILS IMPACT FEE**

a. FEE SCHEDULE:

<b>Land Use Category</b>	<b>Unit</b>	<b>Impact Fee</b>
Accessory Dwelling Unit (applies to livable space exceeding 750 square feet only)	Square Foot	\$10.57
Single-family/Townhouse <sup>(1)</sup>	Square Foot	\$10.57
Multi-family Housing <sup>(1)</sup>	Square Foot	\$14.89
Office/Research & Development	Square Foot	\$2.25
Industrial	Square Foot	\$0.90
Retail	Square Foot	\$1.50

(1) Applies to rental housing projects ONLY; existing adopted Quimby Act fees apply to single-family/townhouse subdivisions and multi-family condominiums.

- b. For other non-residential projects that are not included in the above land use categories, the impact fee shall be calculated as follows:

**Peak Service Population x \$901/person = Parks and Trails Impact Fee**

- c. Subject to City Council approval, a reduction in the parks and trails impact fee can be considered when a project will include parkland dedication, public recreational facilities or improvements, or related long-term community benefits that exceed city requirements in effect at the time a complete planning application is filed. The allowable credit can be based on the estimated value of the land dedication or park/recreational amenity or another methodology acceptable to the City.

**2. PUBLIC FACILITIES IMPACT FEE**

a. FEE SCHEDULE:

<b>Land Use Category</b>	<b>Unit</b>	<b>Impact Fee</b>
Accessory Dwelling Unit (applies to livable space exceeding 750 square feet only)	Dwelling Unit	\$8.49
Single-family/Townhouse	Dwelling Unit	\$8.49
Multi-family Housing	Dwelling Unit	\$11.80
Office/Research & Development	Square Foot	\$1.81
Industrial	Square Foot	\$0.72
Retail	Square Foot	\$1.21

- b. For other non-residential projects that are not included in the above land use categories, the impact fee shall be calculated as follows:

**Peak Service Population x \$724 per person = Public Facilities Impact Fee**

- c. Subject to City Council approval, a reduction in the public facilities impact fee can be considered when a project will include land dedication, public facilities or improvements, or related long-term community benefits that exceed city requirements in effect at the time a complete planning application is filed. The allowable credit can be based on the established value of the land dedication or public amenity or another methodology acceptable to the City.

### 3. TRANSPORTATION IMPACT FEE

- a. FEE SCHEDULE

Land Use Category	Unit	Impact Fee	
		City-wide <sup>(1)</sup>	RBD <sup>(2)</sup>
Accessory Dwelling Unit (applies to livable space exceeding 750 square feet only)	Square Foot	\$0.58	\$2.14
Single-family/Townhouse	Square Foot	\$0.58	\$2.14
Multi-family Housing	Square Foot	\$0.64	\$2.40
Office/R&D	Square Foot	\$1.28	\$4.75
Industrial	Square Foot	\$0.80	\$2.96
Retail	Square Foot	\$1.28	\$4.75

(1) Developments located outside the Ravenswood Business District/4 Corners Specific Plan (RBD) are assessed the City-wide fee only.

(2) Developments located within the RBD are assessed both the City-wide and RBD fees.

- b. For other non-residential projects that are not included in the above land use categories, the impact fee shall be calculated by a City-approved traffic engineer as follows:

**PM Peak-hour Vehicle Trips x \$1,658/trip (outside RBD) or \$7,828/trip (within RBD) = Transportation Impact Fee**

- c. Subject to City Council approval, a reduction in the transportation impact fee can be considered when a project:
  - i. Will fund or construct public transportation improvements that exceed city requirements in effect at the time a complete planning application is filed. The allowable credit can be based on the estimated value of the improvements or another methodology acceptable to the City.
  - ii. Will further reduce PM peak-hour vehicle trips beyond the projected trips for the development based on Institute of Transportation Engineers (ITE) trip

generation rates, such as through a Transportation Demand Management (TDM) program that exceeds City requirements or alternative transportation facility or improvements. An adjustment to the impact fee can also be considered for affordable housing and senior housing projects based on projected PM peak-hour trips.

#### 4. STORM DRAINAGE IMPACT FEE

a. FEE SCHEDULE:

Land Use Category	Unit	Impact Fee	
		Outside RBD <sup>(1)</sup>	Within RBD <sup>(2)</sup>
All Residential and Non-Residential Projects <ul style="list-style-type: none"> <li>○ Include but not limited to expansion or new construction of residential, office/R&amp;D, industrial, and retail uses.</li> <li>○ For ADUs, fees apply to impervious paving exceeding 750 square feet only.</li> </ul>	Impervious Acre	\$127,390	\$332,835

(1) Outside RBD applies to developments located outside the boundary of the Ravenswood Business District/4 Corners Specific Plan (RBD) area.

(2) Within RBD applies to developments located within the boundary of the RBD area.

- b. Subject to City Council approval, a reduction in the storm drainage impact fee can be considered when a project will include improvements to reduce stormwater impacts and discharge rates that exceed City requirements in effect at the time a complete planning application is filed. Qualifying improvements can include but are not limited to on-site stormwater capture and reuse above the existing C-3 low impact development requirements; expanded green infrastructure in the public right-of way with a long-term operations and maintenance agreement; or full trash capture for off-site stormwater treatment of the public right-of-way through private facilities.
- c. No fee adjustment or credit are available for existing buildings or impervious surfaces that are removed on a project site unless an entitled development had previously paid storm drainage impact fees for these improvements pursuant to Section 13.28 of the Municipal Code.
- d. Staff may develop guidelines that incorporate drainage factors for partial-impervious surfaces to calculate the storm drainage impact fee.

## 5. WATER CAPACITY IMPACT FEE

### a. FEE SCHEDULE

Land Use Category	Unit	Impact Fee	
		Outside RBD <sup>(1)</sup>	Within RBD <sup>(2)</sup>
Accessory Dwelling Unit (applies to livable space exceeding 750 square feet only)	Square Foot	\$4.52	\$2.72
Single-family/Townhouse	Square Foot	\$4.52	\$2.72
Multi-family Housing	Square Foot	\$5.45	\$3.27
Non-Residential:			
3/4" meter	Meter Size	\$11,237	\$6,749
1" meter	Meter Size	\$18,718	\$11,242
1-1/2" meter	Meter Size	\$37,465	\$22,502
2" meter	Meter Size	\$59,938	\$36,000
3" meter	Meter Size	\$112,366	\$67,488
4" meter	Meter Size	\$187,267	\$112,474
Over 4" meter	Gallons per Day	\$29.57	\$17.76

(1) Outside RBD applies to developments located outside the boundary of the Ravenswood Business District/4 Corners Specific Plan (RBD) area.

(2) Within RBD applies to developments located within the boundary of the RBD area.

- a. For non-residential projects that require a water meter exceeding 4-inch in size, the water capacity impact fee shall be calculated based on the estimated water demand for each new or expanded project. Water demand from some projects may substantially exceed or differ substantially from an estimate using standard water demand rates. To ensure that fees reasonably reflect water demand for future connections, the City retains the authority to calculate the fee for a project based on an assessment of water demand for the specific use. A project developer may be required to either pay for an independent analysis of the project's water demand or fund the City's costs to conduct this analysis.
- b. Subject to City Council approval, a reduction in the water capacity impact fee can be considered when a project will fund or construct public water capacity improvements that exceed city requirements in effect at the time a complete planning application is filed. The allowable credit can be based on the estimated value of the improvements or another methodology acceptable to the City.

## 6. CHANGE OR CONVERSION OF EXISTING USE

When an existing building is proposed for conversion to a different use that requires a planning approval or building permit (e.g. from an industrial warehouse to an office use), and/or an existing structure is proposed for expansion with a change of use, the development impact fees shall be calculated based on the above fee schedules as described in Sections 1 - 5 above.

The total amount of impact fees shall be calculated as follows:

**Fees for Proposed Use – Fees for Existing Use = Total Impact Fees**

## **7. ADMINISTRATIVE CHARGE**

An administrative charge of 1.0 percent shall be added to the impact fees calculated in Sections 1-5 to cover: a) legal, accounting, and other administrative support, and b) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analysis.

## **8. PAYMENT OF FEES**

Impact fees for development projects shall be calculated and paid at building permit issuance. However, impact fees for “designated residential development projects,” as defined by Government Code Section 66007, and accessory dwelling units shall be calculated at building permit issuance and shall be paid prior to final inspection or issuance of a temporary or final certificate of occupancy, whichever occurs first. The City Council may also approve or authorized the City Manager to approve alternative payment terms.

## **9. OTHER FEE CREDITS, ADJUSTMENTS, OR REDUCTIONS**

- a. Credit is available for permitted or legally conforming land uses that are/were on the project site during the three-year period (36 months) prior to filing a complete planning or building permit application, whichever date is earlier. Credit shall be calculated based on the existing use(s) and the fee schedules in Section 1-5.
- b. In addition to the potential fee adjustments mentioned in Sections 1-5, the City Council may authorize other fee adjustments or reductions for development projects when substantial community benefits will be provided to the City to address infrastructure, facility, or other community needs.
- c. Fees for an accessory dwelling unit (ADU) shall not exceed the fee that would otherwise be calculated by state law based on the proportional square footage of the ADU to the square footage of the primary dwelling unit.

**ATTACHMENT 2**

**CITY OF EAST PALO ALTO  
DEVELOPMENT IMPACT FEE NEXUS STUDY UPDATE**

**Prepared by Willdan Financial Services  
Revised: January 31, 2025**

**Attached to Development Impact Fee Resolution as Exhibit A**

**Also available at:**

<https://www.cityofepa.org/publicworks/page/city-wide-development-impact-fee-program>

**ATTACHMENT 3**

# **CITY OF EAST PALO ALTO**

## **FINANCIAL FEASIBILITY ANALYSIS FOR DEVELOPMENT IMPACT UPDATE**

**PUBLIC REVIEW DRAFT**

**JANUARY 30, 2025**



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# Executive Summary

The primary purpose of this report is to estimate the impact on development financial feasibility of the imposition of impact fees by the City of East Palo Alto. The City is updating the following impact fees: Parks and Trail Facilities, Public Facilities, Transportation Facilities, RBD Transportation Facilities, Water Capacity, and Storm Drainage Facilities. The analysis examines the economics of nine prototypes:

**Table E.1**  
Development Prototypes  
East Palo Alto DIF Feasibility Analysis

	R1 Ownership Townhomes	R2 Medium Density Residential	R3 High Density Residential	M1 Mixed Use (medium density)	M2 Mixed Use (high density)	OL1 Office/Life Science	OL2 Office/Life Science	Flex Office/LS/ R&D	I1 Industrial/ Warehouse
Density (FAR)	0.76	0.76	1.49	0.99	1.49	1.00	1.50	0.7	0.4
Density (Units/Acre)	22	33	74	Varies	Varies				
Parking Type	Surface	Surface	Podium	Pod/Str	Pod/Str	Pod/Str	Pod/Str	Surface	Surface
Form Factor	3 stories	3-5 stories	<= 8 stories	3-5 stories	<= 8 stories	<= 4 stories	<= 6 stories	2 stories	1 story
Residential Units	22	33	74	80	165				
Unit Size	1,500	1,000	875	1000	875				
Residential SF	33,000	33,000	64,750	80,000	144,375				
Commercial SF				50,000	50,000	87,120	130,680	60,984	34,848
parcel size (acres)	1	1	1	3	3	2	2	2	2

Willdan Financial Services, 2024

In a separate nexus study Willdan has calculated the maximum justified amount of each of the impact fees and included them in the pro forma analysis contained in this report. These fees are detailed in the tables below. The table is broken down into two sets of fees, one for development outside the Ravenswood Business District/4 Corners Specific Plan Area (RBD) and one for development inside the RBD. This distinction is drawn because there are certain facilities and improvements specific to the RBD that primarily benefit development within the RBD and therefore are allocated solely or primarily to development there. Table E.2, below, summarizes the maximum justified new fees and existing unchanged fees for each development prototype, per square foot. For the purposes of this analysis Willdan has assumed that development pays the affordable housing in lieu fee rather than providing units on site. The general preference of the City is that residential projects provide onsite affordable housing, but this is difficult to model in a general pro forma.

**Table E.2**  
**Total Impact Fees for Development prototypes (per building square foot)**  
**EPA DIF Feasibility Analysis**

Fee Category	R1	R2	R3	M1	M2	OL1	OL2	Flex	I1
<i>Outside RBD</i>									
Existing Impact Fees	\$57	\$88	\$101	\$65	\$79	\$14	\$14	\$14	\$14
Proposed Impact Fees	<u>\$16</u>	<u>\$37</u>	<u>\$35</u>	<u>\$27</u>	<u>\$29</u>	<u>\$15</u>	<u>\$14</u>	<u>\$16</u>	<u>\$12</u>
<b>Total</b>	<b>\$73</b>	<b>\$125</b>	<b>\$135</b>	<b>\$92</b>	<b>\$108</b>	<b>\$28</b>	<b>\$28</b>	<b>\$29</b>	<b>\$25</b>
<i>Inside RBD</i>									
Existing Impact Fees	\$57	\$88	\$101	\$65	\$79	\$14	\$14	\$14	\$14
Proposed Impact Fees	<u>\$21</u>	<u>\$42</u>	<u>\$40</u>	<u>\$34</u>	<u>\$36</u>	<u>\$24</u>	<u>\$23</u>	<u>\$25</u>	<u>\$16</u>
<b>Total</b>	<b>\$78</b>	<b>\$130</b>	<b>\$141</b>	<b>\$99</b>	<b>\$115</b>	<b>\$37</b>	<b>\$37</b>	<b>\$38</b>	<b>\$30</b>

Willdan, 2024

## Methodology Overview

The financial feasibility analysis uses a pro forma approach to calculate the projected return that the nine development prototypes are likely to generate. Each prototype’s pro forma estimates the residual land value, a method of estimating the value of land for a project that calculates the total revenue generated by a project (either in the form of sales price or the present value of projected lease income) and subtracts the costs of developer and operations (as applicable) to arrive at a net amount that is attributable to the land under the project. The analysis assumes that all development prototypes are rental or lease property, with the exception of the R1 prototype (for-sale townhomes).

The analysis assumes that if a residual land value is negative, the project is not feasible. A low land value means a project is challenging to develop and may not be feasible. Willdan estimates that a value below \$50 per square foot (psf), or \$2.2 million per acre, indicates a low feasibility and low probability of completion for the prototype development in question. This estimate of \$50 per square foot is based on historical land sale data and is meant to be a broad assessment of feasibility rather than the threshold for any particular projects. Willdan has estimated this number from an examination of historical transaction data; individual land transaction prices vary widely.

As shown in Table E.3 below, the analysis finds that most of the prototypes are infeasible and that the maximum justified fees make little difference to this overall conclusion. The prototypes that are feasible remain feasible (although less so), and the prototypes that are infeasible become more infeasible. The possible exception to this is the industrial category, which at approximately \$534,000 per acre is below the general threshold and improves to \$942,000 without impact fees. Industrial land typically has lower value than commercial or residential land so may be feasible at these levels.

It is important to note that the nexus study increases the fees by a relatively small proportion of their total value, while the analysis in Table E.3 examines the effect of removing impact fees *in toto*.

**Table E.3**  
**Residual Value Summary**  
**EPA DIF Feasibility Analysis**

Item	R1	R2	R3	M1	M2	OL1	OL2	Flex	I1
Residual Land Value Per Acre	2,319,913	(7,075,936)	(13,630,478)	(19,444,976)	(36,756,665)	(27,805,522)	(60,301,452)	(4,564,971)	550,580
Residual Land Value Per Land SF	\$53	(\$162)	(\$313)	(\$446)	(\$844)	(\$638)	(\$1,384)	(\$105)	\$13
Residual Land Value Per Acre (no impact fees)	4,728,312	(3,583,311)	(6,179,386)	(16,474,181)	(30,869,349)	(26,756,988)	(58,769,256)	(3,806,634)	944,057
Residual Land Value Per Land SF (no impact fees)	\$109	(\$82)	(\$142)	(\$378)	(\$709)	(\$614)	(\$1,349)	(\$87)	\$22

Willdan, 2024

The residual land values are affected by each of the inputs and assumptions contained in the pro formas and are particularly sensitive to capitalization rates, parking requirements, construction costs, and lease rates. The analysis and stakeholder process identified reasonable ranges for these factors, given current market conditions, and tested the sensitivity to the factors to financial feasibility for each of the prototypes. The analysis concludes that the City’s impact fees do not significantly burden the financial feasibility of the nine representative prototypes.

Willdan believes it is important to consider that the impact fees are a cost recovery mechanism, not an assessment or tax. The impact fees are a calculation of the costs incurred by the City in connection with development. At the full calculated fee, the City “breaks even” on the revenue received versus the costs of new or expanded facilities needed to serve development (not including any funding required to address existing deficiencies). Any reduction of the fees results in the need to outside revenues to make up the difference or a reduction in level of service for the fee category in question. For this reason, Willdan looked at pro forma assumptions that reached beyond current market conditions to more typical rates over time. Willdan’s assessment of current market conditions generally is that construction costs have increased at historically high rates and that lease rates have not adjusted to current conditions. Willdan also believes that inflation and interest rates have increased cap rates above historical trends. Willdan has adjusted the assumptions in the pro forma to reflect this judgment.

# 1. Introduction

---

## Purpose

The primary purpose of this report is to analyze the effect on financial feasibility of the maximum justified updated impact fees on nine residential and commercial prototypes. These prototypes are summarized in Table 1, below:

- R1: For-Sale Townhomes/Single-Family Attached
- R2: Medium Density Residential/3-5 Story Building
- R3: High Density Residential/8 Story Building
- M1: Medium Density Mixed Commercial/Residential/3-5 Story Building
- M2: High Density Mixed Commercial/Residential/8 Story Building
- OL1: Medium Density Office/Life Science/3-5 Story Building
- OL2: High Density Office/Life Science/8 Story Building
- Flex: Low Density Flex Space/2 Story Building
- I1: Industrial (warehouse)/Single Story Building

The impact fees that the City East Palo Alto is currently in the process of updating are based on five categories of facilities: Of the five categories, transportation, storm drainage and water have fees for two zones, one for the RBD and one for the rest of the City. The existing impact fees included in this study are the Quimby fee, the Commercial Linkage Fee, and the Housing Impact Fee.

A separate nexus study calculates the maximum justified fee that will be considered by the City Council. The nexus study documents the necessary data and calculations to establish nexus and proportionality.

## Assumptions

The financial feasibility analysis assumes all development prototypes are rentals or leases, except for R1 (for-sale townhomes). The analysis includes other assumptions about the development prototypes which are documented in Table 2-2 and individual pro formas in the Appendices. It is important to note that these assumptions reflect a rough assessment of conditions over the next 5 years, the time span of the current fee update, rather than current market conditions. Broadly, they assume a moderate improvement in market conditions. Willdan has received input from the development community on these assumptions and has made adjustments to the initial draft assumptions in some cases.

## 2. Feasibility Analysis

---

The feasibility analysis of East Palo Alto's maximum justified development impact fees uses a pro forma approach to calculate the projected financial return that nine development prototypes are likely to generate for developers. The analysis assumes a standard set of assumptions and then estimate potential revenues, costs and a net financial return for the real estate developer.

### Feasibility Analysis Methods

In classical real estate economics, development value is created when existing land or buildings can be improved by the investment of financial capital. Two main types of financial calculations are used by developers and policy makers to understand the financial feasibility of a particular development concept or project. The first and simplest type of financial feasibility analysis can be expressed by this basic equation:

$$\text{Development Value} - (\text{Development Costs} + \text{Land}) = \text{Profit}$$

In this case profit can be expressed as total dollars or more typically as a percent return on money invested or costs. Assuming a positive return, this percent return is then compared to typical returns in the marketplace to assess the viability of a particular development versus other potential investment and development opportunities.

The second type of financial feasibility analysis is called a "land residual method" and can be expressed by the following simple equation:

$$\text{Development Value} - (\text{Development Costs} + \text{Profit}) = \text{Land Residual}$$

This type of analysis is often preferred by urban economists as a means of clarifying the value generated by a proposed project under different planning and development scenarios and with validated cost and revenue assumptions. Assuming that the land residual is positive, the land value created by a development is compared to recent land sales for comparable parcels of land to further evaluate the relative feasibility of the development concept compared to other opportunities in the marketplace. Effectively, the land residual is the amount the developer can afford to pay for the land. If this amount is above prevailing land costs, the project is generally feasible.

This analysis uses the land residual method for determining financial feasibility.

### Land Residual Analysis

As a policy tool for helping to understand the potential for value capture related to new zoning and/or planning approvals in a given area, a land residual methodology is often a

preferable approach for illustrating the potential increase in underlying land values associated with different policy interventions. This report uses a land residual analysis to estimate the value of land for each of the nine development prototypes that relies on the net operating income and value of improvements.

## Structure and Inputs

Table 2.1 details the key assumptions used as inputs into the pro forma model, as well as a summary of calculated residual land values.

**Table 2.1**  
**Feasibility Model Assumptions**  
**EPA DIF Feasibility Analysis**

	R1 For Sale Townhomes	R2 Medium Residential	R3 High Residential	M1 Mixed Use	M2 Mixed Use	OL1 Office/Life Science	OL2 Office/Life Science	Flex Office/LS/R&D	I1 Industrial/WH
<b>Development/Construction Costs</b>									
Residential Construction Costs	300	450	500	450	500				
Commercial Construction Costs				400	450	650	750	350	125
Commercial Tenant Improvements (PSF) Landlord Allowance				150	150	250	250	125	20
Residential Parking Standard (per unit)	2	1.5	1.25	1.5	1.25				
Commercial Parking Standard (per 1,000 sf)				3.0	3.0				
Surface Parking Space	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500
Podium/Structured Parking Space	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
Subsurface Parking	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
<b>Fees and Taxes</b>									
Proposed Impact Fee - not in RBD (psf)	28.54	37.83	37.83	varies	varies	8.2	8.2	8.2	3.54
Proposed Impact Fee - within RBD (psf)	26.11	34.58	34.58	varies	varies	17.7	17.7	17.7	8.83
Existing Impact Fee - not in RBD									
Existing Impact Fee - within RBD									
TDM/TMA	NA	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28
Measure HH (per building sf)				2.5	2.5	2.5	2.5	2.5	
Measure LL (% gross receipts)		2.50%	2.50%	2.50%	2.50%				
<b>Soft Costs</b>									
Soft Costs (% of hard costs)	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Developer Profit	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
<b>Vacancy Rate</b>									
Residential Vacancy	NA	5.00%	5.00%	5.00%	5.00%				
Commercial Vacancy				5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Operating Expenses</b>									
Residential Operating Expenses	25.00%	25.00%	25.00%	25.00%	25.00%				
Commercial Operating Expenses (rates are NNN)				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Financing</b>									
% of Construction Cost	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Revenue</b>									
Residential Lease Rate (psf)		\$4.00	\$4.25	\$4.00	\$4.25				
Commercial Lease Rate (psf)				\$4.00	\$4.00	\$6.00	\$6.00	\$3.75	\$1.75
For Sale Market Rate Residential Price Per Unit	\$1,050,000								
Commercial Cap Rate				6.50%	6.50%	6.50%	6.50%	6.50%	6.00%
Residential Cap Rate		4.50%	4.50%	4.50%	4.50%				
<b>Results: Residual Land Values (per acre)</b>									
Residual Land Values (not in RBD)	\$2,319,913	(\$7,075,936)	(\$13,630,478)	(\$19,444,976)	(\$36,756,665)	(\$27,805,522)	(\$60,301,452)	(\$4,564,971)	\$550,580
Residual Land Values (in RBD)	\$3,036,138	(\$6,211,302)	(\$11,739,424)	(\$18,713,281)	(\$35,252,137)	(\$26,906,237)	(\$58,979,447)	(\$3,919,317)	\$805,712
Residual Land Value (not in rbd) without Fees	\$4,728,312	(\$3,583,311)	(\$6,179,386)	(\$16,474,181)	(\$30,869,349)	(\$26,756,988)	(\$58,769,256)	(\$3,806,634)	\$944,057

Willdan, 2024

## Development Prototype Maximum Impact Fees

Table 2.2 contains the draft maximum justified impact fees as calculated in the Nexus Study applied to the development prototypes. Of the fee categories, transportation, storm drainage and water have fees for two zones, within and not within the RBD.

**Table 2.2**  
**Maximum Potential Impact Fees for Development prototypes**  
**EPA DIF Feasibility Analysis**

Fee Category	R1	R2	R3	M1	M2	OL1	OL2	Flex	I1
Parks and Trails (3)	\$0	\$412,055	\$808,501	\$969,680	\$1,898,363	\$166,617	\$249,926	\$116,632	\$28,227
Public Facilities	\$280,170	\$330,990	\$649,443	\$779,025	\$1,525,006	\$134,034	\$201,051	\$93,824	\$22,582
Citywide Transportation	\$19,140	\$17,952	\$35,224	\$92,480	\$132,940	\$94,787	\$142,180	\$66,351	\$25,091
RBD Transportation	\$70,620	\$67,320	\$132,090	\$344,675	\$496,400	\$351,747	\$527,621	\$246,223	\$92,835
Water (1)	\$149,160	\$156,519	\$307,109	\$637,394	\$990,155	\$532,101	\$798,152	\$372,471	\$102,015
RBD Water (1)	\$89,760	\$91,724	\$179,973	\$377,981	\$584,707	\$319,585	\$479,377	\$223,709	\$61,271
Storm Drain (2)	\$76,434	\$97,453	\$97,453	\$251,130	\$279,826	\$162,422	\$162,422	\$162,422	\$183,442
Admin	\$7,920	\$9,257	\$18,162	\$21,760	\$42,622	\$3,703	\$5,554	\$2,592	\$627
Total outside RBD	\$532,824	\$1,024,225	\$1,915,892	\$2,751,469	\$4,868,913	\$1,093,664	\$1,559,285	\$814,291	\$361,983
Total within RBD	\$693,204	\$1,183,269	\$2,227,955	\$3,474,125	\$5,950,019	\$1,764,996	\$2,566,282	\$1,284,224	\$516,089

(1) Commercial water fees estimated based on GPD from nexus study.

(2) Storm drain fees based on impervious surface estimates for prototype projects from storm drain master plan and prototype FAR.

(3) R1 assumed to pay Quimby Fees as a subdivision.

Willdan, 2024

Table 2.3 contains the existing development impact fees calculated by applying the existing City fees to the development prototypes. These are fees currently in place that are not part of the current nexus study update. This analysis assumes that prototypes R2 and R3, and the residential portions of M1 and M2, are rental, as opposed to for-sale.

**Table 2.3**  
Existing Impact Fees for Development prototypes  
EPA DIF Feasibility Analysis

Fee Category	R1	R2	R3	M1	M2	OL1	OL2	Flex	I1
Quimby	\$371,875	NA	NA	NA	NA	NA	NA	NA	NA
School Fees	\$170,610	\$170,610	\$334,758	\$403,900	\$788,419	\$73,181	\$109,771	\$51,227	\$29,272
Aff Hsg	\$1,503,700	\$2,468,400	\$5,535,200	\$5,984,000	\$12,342,000	NA	NA	NA	NA
Aff Hsg In Lieu	NA	NA	NA	\$677,500	\$677,500	\$1,003,405	\$1,505,107	\$702,383	\$424,971
Total outside RBD	\$1,875,575	\$2,468,400	\$5,535,200	\$6,661,500	\$13,019,500	\$1,003,405	\$1,505,107	\$702,383	\$424,971
Total within RBD	\$1,875,575	\$2,468,400	\$5,535,200	\$6,661,500	\$13,019,500	\$1,003,405	\$1,505,107	\$702,383	\$424,971

Willdan, 2024

Table 2.4 contains a summary of the total new and existing impact fees by development prototype.

**Table 2.4**  
Total Impact Fees for Development prototypes  
EPA DIF Feasibility Analysis

Fee Category	R1	R2	R3	M1	M2	OL1	OL2	Flex	I1
<i>Outside RBD</i>									
Existing Impact Fees	\$1,875,575	\$2,468,400	\$5,535,200	\$6,661,500	\$13,019,500	\$1,003,405	\$1,505,107	\$702,383	\$424,971
Proposed Impact Fees	<u>\$532,824</u>	<u>\$1,024,225</u>	<u>\$1,915,892</u>	<u>\$2,751,469</u>	<u>\$4,868,913</u>	<u>\$1,093,664</u>	<u>\$1,559,285</u>	<u>\$814,291</u>	<u>\$361,983</u>
<b>Total</b>	<b>\$2,408,399</b>	<b>\$3,492,625</b>	<b>\$7,451,092</b>	<b>\$9,412,969</b>	<b>\$17,888,413</b>	<b>\$2,097,069</b>	<b>\$3,064,392</b>	<b>\$1,516,675</b>	<b>\$786,954</b>
<i>Inside RBD</i>									
Existing Impact Fees	\$1,875,575	\$2,468,400	\$5,535,200	\$6,661,500	\$13,019,500	\$1,003,405	\$1,505,107	\$702,383	\$424,971
Proposed Impact Fees	<u>\$693,204</u>	<u>\$1,183,269</u>	<u>\$2,227,955</u>	<u>\$3,474,125</u>	<u>\$5,950,019</u>	<u>\$1,764,996</u>	<u>\$2,566,282</u>	<u>\$1,284,224</u>	<u>\$516,089</u>
<b>Total</b>	<b>\$2,568,779</b>	<b>\$3,651,669</b>	<b>\$7,763,155</b>	<b>\$10,135,625</b>	<b>\$18,969,519</b>	<b>\$2,768,400</b>	<b>\$4,071,389</b>	<b>\$1,986,607</b>	<b>\$941,060</b>

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In addition to impact fees, the pro forma analysis includes Measures L and HH. Measure HH imposes an annual parcel tax of \$2.50 per building square foot on office developments of over 25,000 square feet. Measure L imposes tax of 2.5 percent of gross receipts on all residential rental units in the City.

The pro forma analyses for the development prototypes do not include estimates for TDM compliance, TMA membership, and a potential maintenance assessment district, which are not currently available. Additionally, the analyses do not include a potential Ravenswood Business

District/4 Corners Specific Plan fee or a citywide sanitary sewer development impact fee, which have not been determined yet and is subject to a pending nexus study.

# 3. Impact on Land Value

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The residual land values are affected by each of the inputs and assumptions contained in the pro formas, and are particularly sensitive to capitalization rates, parking requirements, construction costs, and lease rates. However, in all cases the impact fees charged by the City do not have a major effect on project feasibility, and in no case do they transform a prototype project from feasible to infeasible.

## Factors Affecting Feasibility

If a residual land value is negative, the project is not feasible. Alternatively, low land values indicate a low feasibility for a project. The analysis estimates that land values below \$50 per square foot indicate a low feasibility and low probability of completion for the prototype developments.

In consideration of the potential consequences of the various fees on development, the City may consider lowering certain fees below their maximum justifiable level. This will increase the City's responsibility to find additional resources for capital facilities.

A developer's selection of real estate product type and location depends on various factors. The past, current, and projected future demand for a certain prototype in the area are weighed against the existing and projected future supply of these development types in the local and surrounding areas. East Palo Alto is currently in an unusual position of experiencing high regional demand for real estate but offering few local, recent development market comparisons to appraise assessed values of land.

Potential factors affecting financial feasibility include the following:

- Capitalization rate – lower capitalization rates increase financial feasibility. Based on current and anticipated market conditions and assessment of relative market risk associated East Palo Alto, this analysis assumes capitalization rates of 6.5 percent for office developments, 6.0 percent for industrial development, and 4.5 percent for residential developments.
- Construction costs – lower construction costs increase financial feasibility. Based on current market conditions, this analysis assumes base construction costs between \$350 and \$750 per square foot for office developments, \$300 to \$500 per square foot for residential developments, and \$125 per square foot for industrial developments.
- Operating expenses – operating costs include utilities, common area maintenance, security, and property taxes. The financial feasibility analysis uses 25 percent for all residential prototypes and includes these costs for commercial prototypes which are calculated on a NNN (triple net) basis. NNN rents assumes that all operating expenses are paid by the tenant, with a small 2% allowance for expenses during vacancy.
- Parking construction – surface parking requires more land but costs one third as much as structuring parking, increasing financial feasibility (assuming similar land costs). A significant factor affecting the financial feasibility is the amount of parking required and the significant cost difference of surface parking versus structured parking. For commercial prototypes Willdan has assumed that all have some portion of surface parking, based on a review of similar projects in other jurisdictions.
- Lease rates – higher lease rates and dependent on building features and market conditions but increase financial feasibility. Based on current and expected market conditions, this analysis assumes a lease rate of between \$4.00 and \$4.25 per square foot for residential development, \$3.75 and \$6.00 per square foot for office development, and \$1.75 per square foot for industrial development. The study uses NNN lease rates for commercial development.

- Tenant improvement costs – passing improvement costs to tenants or amortizing costs increase financial feasibility. This analysis assumes a commercial tenant improvement landlord allowance of between \$150 and \$250 psf for office and \$20 psf for industrial developments.
- Profit margin – lower profit margins return less to developers but increase apparent financial feasibility of a project. This analysis assumes a developer profit of 12 percent (of costs) on each development project.
- Density – the floor area ratio (FAR) of a development project affords financial feasibility because it allows for a higher number of square feet of development on a given parcel. There is a tradeoff, however, in that a higher FAR can result in a change in construction type which can lead to higher costs per square foot. The analysis assumes varying FARs to explore this dynamic.

Refer to Table 2.1 for a master list of pro forma inputs and assumptions.

## Feasibility Results

Based on the inputs and assumptions in Table 2.2, initial results indicate that most of the development types are not feasible under current market conditions, with or without the impact fees. The development cost proportions and residual land values for the existing inputs and assumptions are shown below. Most impact fees are proportional to development costs.

The residual land values are affected by each of the inputs and assumptions contained in the pro forma and are particularly sensitive to capitalization rates, parking requirements, construction costs, and lease rates. The analysis identified reasonable ranges for these factors, given current and likely market conditions, and tested the sensitivity of the factors to financial feasibility for each of the nine development prototypes. The analysis concludes that, given current market conditions, the combination of existing and potential impact fees do not materially affect the financial feasibility of the nine prototype projects, except perhaps for Industrial.

# 4. Appendix

The appendix provides detailed and supporting tables for the summary analysis described above.

## Appendix A: Impact Fees

The following tables detail the maximum justified fees for the City calculated in the recent Nexus Study.

**Table A.1**  
**Maximum Justified Development Impact Fees**  
**East Palo Alto DIF Feasibility Analysis**

Item	Parks and Trails	Public Facilities	Citywide Transp	RBD Transp	Water (1)	Storm (2)	Admin	Total
<i>Non-RBD</i>								
Single Family Residential	10.57	8.49	0.58		4.52	1.75	0.24	26.15
Multifamily Residential	14.69	11.8	0.64		5.58	2.63	0.33	35.67
Retail	1.5	1.21	2.69		4.73	2.63	0.05	12.81
Office/R&D	2.25	1.81	1.28		7.19	2.19	0.05	14.77
Industrial	0.9	0.72	0.8		3.25	2.34	0.02	8.03
<i>RBD</i>								
Single Family Residential	10.57	8.49	0.58	2.14	2.72	4.58	0.25	29.33
Multifamily Residential	14.69	11.8	0.64	2.40	3.27	6.88	0.33	40.01
Retail	1.50	1.21	2.69	10.00	2.84	6.88	0.15	25.27
Office/R&D	2.25	1.81	1.28	4.75	4.32	5.73	0.10	20.24
Industrial	0.90	0.72	0.8	2.96	1.95	6.11	0.05	13.50

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(1) commercial water calculated based on average GPD/1000sf  
 (2) fees are per square foot of building space, except storm fee is cost per impervious sf

Table A.2 details the fees charged by the City for new development that are not being updated and therefore are not included in the current nexus study. These fees include a Quimby Fee, which is charged to residential subdivisions to fund new parks, and affordable housing fees applicable to residential and commercial development, respectively.

**Table A.2**  
**Existing Development Impact Fees**  
**East Palo Alto DIF Feasibility Analysis**

Item	Quimby	Schools	Linkage Fee	AH Fee (1)
<i>Non-RBD</i>				
Single Family Residential (per unit)	Varies	5.17	NA	273,400
Multifamily Residential (per unit)	NA	5.17	NA	299,200
Retail	NA	0.84	13.55	NA
Office/R&D	NA	0.84	13.55	NA
Industrial	NA	0.84	13.55	NA
<i>RBD</i>				
Single Family Residential	Varies	5.17	NA	273,400
Multifamily Residential	NA	5.17	NA	299,200
Retail	NA	0.84	13.55	NA
Office/R&D	NA	0.84	13.55	NA
Industrial	NA	0.84	13.55	NA

Fees are per building sf except where noted

(1) Cost per unit to be provided offsite

## Appendix B: Development Prototype Pro Formas

**Residential Townhomes (R1)**

DEVELOPMENT PROGRAM ASSUMPTIONS	ASSUMPTION/FACTOR	TOTAL
Development Site (Square Feet)	1 Acres	43,560
Dwelling Units	22 DU/Acre	22
Gross Building Area (Square Feet)	1,500 GBA/DU	33,000
Net Habitable Square Feet	100%	33,000
Total Parking Spaces	2 Space/DU	44
Surface Parking Spaces	100% of total parking	44
Structured Parking Spaces	0% of total parking	0

BUILDING INCOME AND VALUE	ASSUMPTION/FACTOR	PER GBA	TOTAL
Gross Potential Rent	\$0.00 per SF/Month	\$0	\$0
Gross Potential Parking Income	0 per Space/Month		
Losses to Vacancy	0% of Gross Income	\$0	<u>\$0</u>
<i>Gross Residential Revenue</i>			\$0
Basic Operating Expenses	0% of Gross Potential Rent	\$0	\$0
Additional Operating Expenses (TDM)	0 Per Year	0	<u>0</u>
<i>Total Operating Expenses</i>			\$0
Net Operating Income (NOI)		\$0	\$0
Project Market Value	\$1,050,000 per DU	\$700	\$23,100,000
Project Sale Cost	7.0% Value	<u>49</u>	<u>1,617,000</u>
<b>Net Project Value</b>		\$651	\$21,483,000

PROJECT DEVELOPMENT COSTS	ASSUMPTION/FACTOR	PER GBA	TOTAL
<b>Construction Cost</b>			
Building Direct Cost (includes site development)	\$300 Cost/SF (GBA)	\$300	\$9,900,000
Surface Parking Direct Cost	\$22,500 per Space	\$30	\$990,000
Structured Parking Direct Cost	\$65,000 per Space	<u>\$0</u>	<u>\$0</u>
<i>Total Construction Cost</i>		\$330	\$10,890,000
<b>Soft Costs</b>			
Existing Impact Fees	\$57 per habitable sf	\$57	\$1,875,575
Proposed Impact Fees (non RBD)	\$16 per habitable sf	\$16	\$532,824
Financing	10% of Construction Costs	\$33	\$1,089,000
Other Soft Costs	25% of Construction Costs	<u>\$83</u>	<u>\$2,722,500</u>
<i>Total Soft Costs</i>		\$188	\$6,219,899
<b>Other Project Costs</b>			
Developer Return on Investment	12% of Construction & Soft Costs		\$2,053,188
Residual Land Value	Model Output/Supportable Land Cost		<u>\$2,319,913</u>
<i>Total Other Costs</i>			\$4,373,101
Total Project Cost (including land)			\$21,483,000

Residual Land Value			\$2,319,913
Proposed non-RBD Impact Fee Increase	(\$6) per square foot	(\$6)	(\$183,400)
% of Project Value			-0.85%

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**Residential Medium Density (R2)**

DEVELOPMENT PROGRAM ASSUMPTIONS	ASSUMPTION/FACTOR	TOTAL
Development Site (Square Feet)	1 Acres	43,560
Dwelling Units	33 DU/Acre	33
Gross Building Area (Square Feet)	1,000 GBA/DU	33,000
Net Rentable Square Feet	85%	28,050
Total Parking Spaces	1.5 Space/DU	50
Surface Parking Spaces	25% of total parking	12
Structured Parking Spaces	75% of total parking	37

BUILDING INCOME AND VALUE	ASSUMPTION/FACTOR	PER GBA	TOTAL
Gross Potential Rent	\$4.00 per SF/Month	\$41	1,346,400
Gross Potential Parking Income	0 per Space/Month		
Losses to Vacancy	5% of Gross Income	(\$2)	<u>(67,320)</u>
<i>Gross Residential Revenue</i>			1,279,080
Basic Operating Expenses	25% of Gross Potential Rent	(\$10)	(336,600)
Measure L	2.50% of Gross Potential Rent	(\$1)	(28,611)
Additional Operating Expenses (TDM)	\$9,240 Per Year	(\$0.28)	<u>(9,240)</u>
<i>Total Operating Expenses</i>			(374,451)
Net Operating Income (NOI)		\$27	\$899,580
Project Market Value	4.50% Cap Rate	\$0	\$19,990,667
Project Leasing Cost (included in operating costs)	0.0% Value	\$0	<u>\$0.0</u>
<b>Net Project Value</b>		\$0	\$19,990,667

PROJECT DEVELOPMENT COSTS	ASSUMPTION/FACTOR	PER GBA	TOTAL
<b>Construction Cost</b>			
Building Direct Cost (includes site development)	\$450 Cost/SF (leaseable area)	\$383	\$12,622,500
Surface Parking Direct Cost	\$22,500 per Space	\$8	\$278,438
Structured Parking Direct Cost	\$65,000 per Space	<u>\$73</u>	<u>\$2,413,125</u>
<i>Total Construction Cost</i>		\$464	\$15,314,063
<b>Soft Costs</b>			
Existing Impact Fees	\$88 per habitable sf	\$88	\$2,468,400
Proposed Impact Fees (non RBD)	\$37 per habitable sf	\$37	\$1,024,225
Financing	10% of Construction Costs	\$46	\$1,531,406
Other Soft Costs	25% of Construction Costs	<u>\$116</u>	<u>\$3,828,516</u>
<i>Total Soft Costs</i>		\$287	\$8,852,547
<b>Other Project Costs</b>			
Developer Return on Investment	12% of Construction & Soft Costs		\$2,899,993
Residual Land Value	Model Output/Supportable Land Cost		<u>(\$7,075,936)</u>
<i>Total Other Costs</i>			(\$4,175,943)
Total Project Cost (including land)			\$19,990,667

Residual Land Value			(\$7,075,936)
Proposed non-RBD Impact Fee Increase	\$6 per rentable sf		\$159,591
% of Project Value			0.80%

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**Residential High Density (R3)**

DEVELOPMENT PROGRAM ASSUMPTIONS	ASSUMPTION/FACTOR	TOTAL
Development Site (Square Feet)	1 Acres	43,560
Dwelling Units	74 DU/Acre	74
Gross Building Area (Square Feet)	875 GBA/DU	64,750
Net Rentable Square Feet	85%	55,038
Total Parking Spaces	1.25 Space/DU	93
Surface Parking Spaces	10% of total parking	9
Structured Parking Spaces	90% of total parking	83

BUILDING INCOME AND VALUE	ASSUMPTION/FACTOR	PER GBA	TOTAL
Gross Potential Rent	\$4.25 per SF/Month	\$43	\$2,806,913
Gross Potential Parking Income	0 per Space/Month		
Losses to Vacancy	5% of Gross Income	(\$2)	<u>(140,346)</u>
<i>Gross Residential Revenue</i>			2,666,567
Basic Operating Expenses	25% of Gross Potential Rent	(\$11)	(701,728)
Measure L	2.5% of Gross Potential Rent	\$1	(70,173)
Additional Operating Expenses (TDM)	\$18,130 Per Year	(\$0.28)	<u>(18,130)</u>
<i>Total Operating Expenses</i>			(790,031)
Net Operating Income (NOI)		\$31	\$2,016,882
Project Market Value	4.50% Cap Rate	\$0	\$44,819,590
Project Leasing Cost (included in operating costs)	0.0% Value	<u>\$0</u>	<u>\$0</u>
<b>Net Project Value</b>		\$0	\$44,819,590

PROJECT DEVELOPMENT COSTS	ASSUMPTION/FACTOR	PER GBA	TOTAL
<b>Construction Cost</b>			
Building Direct Cost (includes site development)	\$500 Cost/SF (GBA)	\$425	\$27,518,750
Surface Parking Direct Cost	\$22,500 per Space	\$3	\$208,125
Structured Parking Direct Cost	\$65,000 per Space	<u>\$84</u>	<u>\$5,411,250</u>
<i>Total Construction Cost</i>		\$512	\$33,138,125
<b>Soft Costs</b>			
Existing Impact Fees	\$101 per habitable sf	\$101	\$5,535,200
Proposed Impact Fees (non RBD)	\$35 per habitable sf	\$35	\$1,915,892
Financing	10% of Construction Costs	\$51	\$3,313,813
Other Soft Costs	25% of Construction Costs	<u>\$128</u>	<u>\$8,284,531</u>
<i>Total Soft Costs</i>		\$315	\$19,049,436
<b>Other Project Costs</b>			
Developer Return on Investment	12% of Construction & Soft Costs		\$6,262,507
Residual Land Value	Model Output/Supportable Land Cost		<u>(\$13,630,478)</u>
<i>Total Other Costs</i>			(\$7,367,971)
Total Project Cost (including land)			\$44,819,590

Residual Land Value			(\$13,630,478)
Proposed non-RBD Impact Fee Increase	\$0 per rentable sf		\$24,838
% of Project Value			0.06%

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Mixed (M1)

DEVELOPMENT PROGRAM ASSUMPTIONS	ASSUMPTION/FACTOR	TOTAL
Development Site (square feet)	3 Acres	130,680
Dwelling Units	80 DU	80
Gross Residential Building Area (Square Feet)	875 GBA/DU	70,000
Net Leaseable Square Feet	85%	59,500
Total Residential Parking Spaces	1.5 Space/DU	120
Surface Parking Spaces	15% of total parking	18
Stuctured Parking Spaces	85% of total parking	102
Gross Commercial Building Area (square feet)	50,000	50,000
Net Leaseable Square Feet	85%	42,500
Total Parking Spaces	3 /1000 leaseable sf	128
Surface Parking Spaces	50% of total parking	64
Stuctured Parking Spaces	50% of total parking	64
Total Gross Building Area		120,000

BUILDING INCOME AND VALUE	ASSUMPTION/FACTOR	PER GBA	TOTAL
Gross Residential Potential Rent	\$4.00 per SF/Month	\$41	\$2,856,000
Gross Potential Parking Income	0 per Space/Month		
Losses to Vacancy	5% of Gross Income	(\$2)	<u>(\$142,800)</u>
<i>Gross Residential Revenue</i>			\$2,713,200
Basic Residential Operating Expenses	25% of Gross Potential Rent	(\$10)	(\$714,000)
Measure L (residential only)	2.5% of Gross Potential Rent	(\$1)	(\$71,400)
Additional Operating Expenses (TDM)	\$19,600 Per Year	(\$0.28)	<u>(\$19,600)</u>
<i>Total Operating Expenses</i>			(\$805,000)
NNN Potential Commercial Rent	\$4.00 per SF/Month	\$41	\$2,040,000
Gross Potential Parking Income	0 per Space/Month		
Losses to Vacancy	5% of Gross Income	(\$2)	<u>(102,000)</u>
<i>NNN Commercial Revenue</i>			1,938,000
Basic Operating Expenses	2% of Gross Potential Rent	(\$1)	(57,120)
Measure HH (commercial only)	\$2.50 per leaseable sf	(\$2)	(106,250)
Additional Operating Expenses (TDM)	\$14,000 Per Year	(\$0.28)	<u>(14,000)</u>
<i>Total Operating Expenses</i>			(177,370)
Net Operating Income (NOI)			\$3,668,830
Project Market Value	5.50% Cap Rate	\$0	\$66,706,000
Project Leasing Cost	4.0% Value	0	<u>2,668,240</u>
<b>Net Project Value</b>		\$0	\$64,037,760

PROJECT DEVELOPMENT COSTS	ASSUMPTION/FACTOR	PER GBA	TOTAL
<b>Construction Cost</b>			
Building Direct Cost (includes site development)	\$450 Cost/SF (GBA)	\$771	\$54,000,000
Tenant Improvements (commercial only)	\$150 Cost/SF (GBA)	\$150	\$7,500,000
Surface Parking Direct Cost	\$22,500 per Space	\$15	\$1,839,375
Structured Parking Direct Cost	\$65,000 per Space	<u>\$90</u>	<u>\$10,773,750</u>
<i>Total Construction Cost</i>		\$1,027	\$74,113,125
<b>Soft Costs</b>			
Existing Impact Fees	\$65 per leaseable sf	\$65	\$6,661,500
Impact Fees - Residential (non RBD)	\$38 per leasable residential sf	\$32	\$2,250,885
Impact Fees - Commercial (non RBD)	\$8 per leasable comercial sf	\$7	\$296,225
Financing	10% of Construction Costs	\$106	\$7,411,313
Other Soft Costs	25% of Construction Costs	<u>\$265</u>	<u>\$18,528,281</u>
<i>Total Soft Costs</i>		\$475	\$35,148,204
<b>Other Project Costs</b>			
Developer Return on Investment	12% of Construction & Soft Costs		\$13,111,359
Residual Land Value	Model Output/Supportable Land Cost		<u>(\$58,334,928)</u>
<i>Total Other Costs</i>			(\$45,223,569)
Total Project Cost (including land)			\$64,037,760

Residual Land Value			(\$58,334,928)
Proposed non-RBD Impact Fee Increase	\$18 per leaseable sf		<u>\$352,024</u>
% of Project Value			0.55%

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Mixed (M2)

DEVELOPMENT PROGRAM ASSUMPTIONS	ASSUMPTION/FACTOR	TOTAL
Development Site (square feet)	3 Acres	130,680
Dwelling Units	165 DU	165
Gross Residential Building Area (Square Feet)	875 GBA/DU	144,375
Net Leaseable Square Feet	85%	122,719
Total Residential Parking Spaces	1.5 Space/DU	248
Surface Parking Spaces	10% of total parking	25
Structured Parking Spaces	90% of total parking	223
Gross Commercial Building Area (square feet)	50,000	50,000
Net Leaseable Square Feet	85%	42,500
Total Parking Spaces	3 /1000 leaseable sf	128
Surface Parking Spaces	10% of total parking	13
Structured Parking Spaces	90% of total parking	115
Total Gross Building SF		194,375

BUILDING INCOME AND VALUE	ASSUMPTION/FACTOR	PER GBA	TOTAL
Gross Residential Potential Rent	\$4.25 per SF/Month	\$43	\$6,258,656
Gross Potential Parking Income	0 per Space/Month		
Losses to Vacancy	5% of Gross Income	(\$2)	<u>(\$312,933)</u>
<i>Gross Residential Revenue</i>			\$5,945,723
Basic Residential Operating Expenses	25% of Gross Potential Rent	(\$11)	(\$1,564,664)
Measure L (residential only)	2.5% of Gross Potential Rent	(\$1)	(\$156,466)
Additional Operating Expenses (TDM)	\$40,425 Per Year	(\$0.28)	<u>(\$40,425)</u>
<i>Total Operating Expenses</i>			(\$1,761,555)
NNN Potential Commercial Rent	\$4.00 per SF/Month	\$41	\$2,040,000
Gross Potential Parking Income	0 per Space/Month		
Losses to Vacancy	5% of Gross Income	(\$2)	<u>(102,000)</u>
<i>NNN Commercial Revenue</i>			1,938,000
Basic Operating Expenses	2% of Gross Potential Rent	(\$1)	(125,173)
Measure HH (commercial only)	\$2.50 per leaseable sf	(\$2)	(106,250)
Additional Operating Expenses (TDM)	\$14,000 Per Year	(\$0.28)	<u>(14,000)</u>
<i>Total Operating Expenses</i>			(245,423)
Net Operating Income (NOI)			\$5,876,745
Project Market Value	5.50% Cap Rate	\$0	\$106,849,906
Project Leasing Cost	4.0% Value	\$0	<u>4,273,996</u>
<b>Net Project Value</b>		\$0	\$102,575,910

PROJECT DEVELOPMENT COSTS	ASSUMPTION/FACTOR	PER GBA	TOTAL
<b>Construction Cost</b>			
Building Direct Cost (includes site development)	\$500 Cost/SF (GBA)	\$500	\$97,187,500
Tenant Improvements (commercial only)	\$150 Cost/SF (GBA)	\$150	\$7,500,000
Surface Parking Direct Cost	\$22,500 per Space	\$4	\$843,750
Structured Parking Direct Cost	\$65,000 per Space	<u>\$113</u>	<u>\$21,937,500</u>
<i>Total Construction Cost</i>		\$767	\$127,468,750
<b>Soft Costs</b>			
Existing Impact Fees	\$79 per leaseable sf	\$79	\$13,019,500
Impact Fees - Residential (non RBD)	\$38 per leaseable residential sf	\$32	\$4,642,450
Impact Fees - Commercial (non RBD)	\$8 per leaseable commercial sf	\$7	\$296,225
Financing	10% of Construction Costs	\$88	\$12,746,875
Other Soft Costs	25% of Construction Costs	<u>\$221</u>	<u>\$31,867,188</u>
<i>Total Soft Costs</i>		\$427	\$62,572,238
<b>Other Project Costs</b>			
Developer Return on Investment	12% of Construction & Soft Costs		\$22,804,919
Residual Land Value	Model Output/Supportable Land Cost		<u>(\$110,269,996)</u>
<i>Total Other Costs</i>			(\$87,465,078)
Total Project Cost (including land)			\$102,575,910

Residual Land Value			(\$110,269,996)
Proposed non-RBD Impact Fee Increase	\$18 per leaseable sf		<u>\$425,090</u>
% of Project Value			0.41%

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## Office/Life Science (OL1)

DEVELOPMENT PROGRAM ASSUMPTIONS	ASSUMPTION/FACTOR	TOTAL
Development Site (Square Feet)	2 Acres	87,120
FAR	1	
Gross Building Area (Square Feet)	43,560 GBA/Acre	87,120
Net Leaseable Square Feet	85%	74,052
Total Parking Spaces	3 /1000 leaseable sf	222
Surface Parking Spaces	20% of total parking	44
Structured Parking Spaces	80% of total parking	178

BUILDING INCOME AND VALUE	ASSUMPTION/FACTOR	PER GBA	TOTAL
NNN Potential Rent	\$6.00 per SF/Month	\$61	\$5,331,744
Losses to Vacancy	5% of Gross Income	(\$3)	<u>(\$266,587)</u>
<i>NNN Commercial Revenue</i>			\$5,065,157
Basic Operating Expenses	2% of Gross Potential Rent	(\$1)	(\$106,635)
Measure HH	\$2.50 per leaseable sf	(\$2)	(\$185,130)
Additional Operating Expenses (TDM)	24,394 Per Year	(0.28)	<u>(\$24,394)</u>
<i>Total Operating Expenses</i>			(\$316,158)
Net Operating Income (NOI)		\$55	\$4,748,998
Project Market Value	6.50% Cap Rate	\$0	\$73,061,513
Project Leasing Cost	9.0% Value	<u>\$0.0</u>	<u>\$6,575,536.1</u>
<b>Net Project Value</b>		\$0	\$66,485,976

PROJECT DEVELOPMENT COSTS	ASSUMPTION/FACTOR	PER GBA	TOTAL
<b>Construction Cost</b>			
Building Direct Cost (includes site development)	\$650 Cost/SF (net leaseable)	\$553	\$48,133,800
Tenant Improvements	\$250 cost/sf (leaseable sf)	\$213	\$18,513,000
Surface Parking Direct Cost	\$22,500 per Space	\$0	\$999,702
Structured Parking Direct Cost	\$65,000 per Space	<u>\$4</u>	<u>\$11,552,112</u>
<i>Total Construction Cost</i>		\$769	\$79,198,614
<b>Soft Costs</b>			
Existing Impact Fees	\$14 per leaseable SF	\$14	\$1,003,405
Proposed Impact Fees (non RBD)	\$15 per leaseable SF	\$15	\$1,093,664
Financing	10% of Construction Costs	\$91	\$7,919,861
Other Soft Costs	25% of Construction Costs	<u>\$227</u>	<u>\$19,799,654</u>
<i>Total Soft Costs</i>		\$346	\$29,816,583
<b>Other Project Costs</b>			
Developer Return on Investment	12% of Construction & Soft Costs		\$13,081,824
Residual Land Value	Model Output/Supportable Land Cost		<u>(\$55,611,045)</u>
<i>Total Other Costs</i>			(\$42,529,221)
Total Project Cost (including land)			\$66,485,976

Residual Land Value		(\$55,611,045)
Proposed non-RBD Impact Fee Increase	(\$10) per leaseable sf	(\$704,908)
% of Project Value		-1.06%

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**Office/Life Science (OL2)**

DEVELOPMENT PROGRAM ASSUMPTIONS	ASSUMPTION/FACTOR	TOTAL
Development Site (Square Feet)	2.00 Acres	87,120
FAR	1.50	
Gross Building Area (Square Feet)	65,340 GBA/Acre	130,680
Net Leaseable Square Feet	85%	111,078
Total Parking Spaces	3 /1000 leaseable sf	333
Surface Parking Spaces	10% of total parking	33
Stuctured Parking Spaces	90% of total parking	300

BUILDING INCOME AND VALUE	ASSUMPTION/FACTOR	PER GBA	TOTAL
NNN Potential Rent	\$6.00 per SF/Month	\$61	\$7,997,616
Losses to Vacancy	5% of Gross Income	(\$3)	<u>(\$399,881)</u>
<i>NNN Commercial Revenue</i>			\$7,597,735
Basic Operating Expenses	2% of Gross Potential Rent	(1)	(159,952)
Additional Operating Expenses (TDM)	36,590 Per Year	(0.28)	<u>(36,590)</u>
<i>Total Operating Expenses</i>			<u>(\$196,543)</u>
Net Operating Income (NOI)		\$57	\$7,401,192
Project Market Value	6.50% Cap Rate	\$0	\$113,864,500
Project Leasing Cost	9.0% Value	<u>\$0.0</u>	<u>\$10,247,805</u>
<b>Net Project Value</b>		\$0	\$103,616,695

PROJECT DEVELOPMENT COSTS	ASSUMPTION/FACTOR	PER GBA	TOTAL
<b>Construction Cost</b>			
Building Direct Cost (includes site development)	\$750 Cost/SF (leaseable)	\$750	\$98,010,000
Tenant Improvements	\$250 cost/sf (leaseable sf)	\$213	\$27,769,500
Surface Parking Direct Cost	\$22,500 per Space	\$0	\$749,777
Structured Parking Direct Cost	\$65,000 per Space	<u>\$3</u>	<u>\$19,494,189</u>
<i>Total Construction Cost</i>		\$965	\$146,023,466
<b>Soft Costs</b>			
Existing Impact Fees	\$14 per leaseable sf	\$14	\$1,505,107
Proposed Impact Fees (non RBD)	\$14 per leaseable sf	\$14	\$1,559,285
Financing	10% of Construction Costs	\$112	\$14,602,347
Other Soft Costs	25% of Construction Costs	<u>\$279</u>	<u>\$36,505,866</u>
<i>Total Soft Costs</i>		\$419	\$54,172,605
<b>Other Project Costs</b>			
Developer Return on Investment	12% of Construction & Soft Costs		\$24,023,528
Residual Land Value	Model Output/Supportable Land Cost		<u>(\$120,602,904)</u>
<i>Total Other Costs</i>			(96,579,375)
Total Project Cost (including land)			103,616,695

Residual Land Value		(120,602,904)
Proposed non-RBD Impact Fee Increase	(\$10) per leaseable sf	(\$1,084,725)
% of Project Value		-1.05%

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## Flex (F)

DEVELOPMENT PROGRAM ASSUMPTIONS	ASSUMPTION/FACTOR		TOTAL
Development Site (Square Feet)	2 Acres		87,120
FAR	0.7		
Gross Building Area (Square Feet)	30,492 GBA/Acre		60,984
Net Leaseable Square Feet	85%		51,836
Total Parking Spaces	3 /1000 leaseable sf		156
Surface Parking Spaces	100% of total parking		156
Structured Parking Spaces	0% of total parking		0
BUILDING INCOME AND VALUE	ASSUMPTION/FACTOR	PER GBA	TOTAL
NNN Potential Rent	\$3.75 per SF/Month	\$38	\$2,332,638
Gross Potential Parking Income	0 per Space/Month		
Losses to Vacancy	5% of Gross Income	(\$2)	<u>(\$116,632)</u>
<i>NNN Residential Revenue</i>			\$2,216,006
Basic Operating Expenses	2% of Gross Potential Rent	(0.77)	(\$46,653)
Additional Operating Expenses (TDM)	17,076 Per Year	(0.28)	<u>(17,076)</u>
<i>Total Operating Expenses</i>			-\$63,728
Net Operating Income (NOI)		\$35	\$2,152,278
Project Market Value	6.50% Cap Rate	\$0	\$33,111,966
Project Leasing Cost	9.0% Value	<u>\$0.0</u>	<u>\$2,980,077</u>
<b>Net Project Value</b>		\$0	\$30,131,889
PROJECT DEVELOPMENT COSTS	ASSUMPTION/FACTOR	PER GBA	TOTAL
<b>Construction Cost</b>			
Building Direct Cost (includes site development)	\$350 Cost/SF (GBA)	\$350	\$21,344,400
Tenant Improvements	\$125		
Surface Parking Direct Cost	\$22,500 per Space	\$2	\$3,498,957
Structured Parking Direct Cost	\$65,000 per Space	<u>\$0</u>	<u>\$0</u>
<i>Total Construction Cost</i>		\$352	\$24,843,357
<b>Soft Costs</b>			
Existing Impact Fees	\$14 per leaseable sf	\$14	\$702,383
Proposed Impact Fees (non RBD)	\$16 per leaseable sf	\$16	\$814,291
Financing	10% of Construction Costs	\$41	\$2,484,336
Other Soft Costs	25% of Construction Costs	<u>\$102</u>	<u>\$6,210,839</u>
<i>Total Soft Costs</i>		\$172	\$10,211,850
<b>Other Project Costs</b>			
Developer Return on Investment	12% of Construction & Soft Costs		\$4,206,625
Residual Land Value	Model Output/Supportable Land Cost		<u>(\$9,129,942)</u>
<i>Total Other Costs</i>			<u>(\$4,923,317)</u>
Total Project Cost (including land)			\$30,131,889
<b>Residual Land Value</b>			
Residual Land Value			(\$9,129,942)
Proposed non-RBD Impact Fee Increase	(\$9) per leaseable sf		(\$477,017)
% of Project Value			-1.58%

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**Industrial (I)**

DEVELOPMENT PROGRAM ASSUMPTIONS	ASSUMPTION/FACTOR	TOTAL
Development Site (Square Feet)	2 Acres	87,120
FAR	0.4	
Gross Building Area (Square Feet)	17,424 GBA/Acre	34,848
Net Leaseable Square Feet	90%	31,363
Total Parking Spaces	1 /1000 leaseable sf	31
Surface Parking Spaces	100% of total parking	31
Stuctured Parking Spaces	0% of total parking	0

BUILDING INCOME AND VALUE	ASSUMPTION/FACTOR	PER GBA	TOTAL
Gross Potential Rent	\$1.75 per SF/Month	\$19	\$658,627
Losses to Vacancy	5% of Gross Income	(\$1)	<u>(\$32,931)</u>
<i>Gross Residential Revenue</i>			\$625,696
Basic Operating Expenses	0% of Gross Potential Rent	\$0	\$0
Additional Operating Expenses (TDM)	9,757 Per Year	(0.28)	<u>(\$9,757)</u>
<i>Total Operating Expenses</i>			(\$9,757)
Net Operating Income (NOI)		\$18	\$615,938
Project Market Value	6.00% Cap Rate	\$0	\$10,265,640
Project Sale Cost	0.0% Value	<u>\$0.0</u>	<u>\$0.0</u>
<b>Net Project Value</b>		\$0	\$10,265,640

PROJECT DEVELOPMENT COSTS	ASSUMPTION/FACTOR	PER GBA	TOTAL
<b>Construction Cost</b>			
Building Direct Cost (includes site development)	\$125 Cost/SF (leaseable area)	\$113	\$4,356,000
Tenant Improvements	\$20 cost/sf (leaseable sf)	\$18	\$627,264
Surface Parking Direct Cost	\$22,500 per Space	\$1	\$705,672
Structured Parking Direct Cost	\$65,000 per Space	<u>\$0</u>	<u>\$0</u>
<i>Total Construction Cost</i>		\$132	\$5,688,936
<b>Soft Costs</b>			
Existing Impact Fees	\$14 per leaseable sf	\$14	\$424,971
Proposed Impact Fees (non RBD)	\$12 per leaseable sf	\$12	\$361,983
Financing	5% of Construction Costs (incl.	\$8	\$284,447
Other Soft Costs	25% of Construction Costs (excl.	<u>\$41</u>	<u>\$1,422,234</u>
<i>Total Soft Costs</i>		\$74	\$2,493,635
<b>Other Project Costs</b>			
Developer Return on Investment	12% of Construction & Soft Costs		\$981,909
Residual Land Value	Model Output/Supportable Land Cost		<u>\$1,101,160</u>
<i>Total Other Costs</i>			\$2,083,069
Total Project Cost (including land)			\$10,265,640

Residual Land Value		\$1,101,160
Proposed non-RBD Impact Fee Increase	(\$5) per leaseable sf	(\$148,281)
% of Project Value		-1.44%

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## Development Impact Fee Comparison Survey Methodology

As part of the effort to update the City of East Palo Alto's development impact fee program, including fees to fund infrastructure in the Ravenswood Business District, Willdan collected development impact fee schedules for one-time fees charged to fund facilities and infrastructure for six comparison cities.

The comparison jurisdictions are:

- Menlo Park
- Mountain View
- Palo Alto
- Redwood City
- San Mateo
- Union City

Impact fees are not standardized and are assessed by various units of development by different jurisdictions. The comparison does not include any ongoing fees or taxes that a development project might pay to fund infrastructure.

To create a meaningful comparison of impact fees, Willdan calculated the fees for nine prototype projects. **Table 1** presents the project prototype assumptions used in this analysis.

### Results

**Tables 2 through 10** display the fee companions for each prototype, respectively. The comparisons include the City of East Palo Alto's current fee schedule, plus the fee schedules included in the *Public Review Draft* of the City's Development Impact Fee Nexus Study Update, dated January 31, 2025.

Some jurisdictions charge impact fees that vary by project location or other factors. In these cases, the tables show the range of potential impact fees.

**Table 1: Prototype Assumptions**

Example	Product Type	Residential					Commercial		Total Parking Spaces	Form Factor (stories)	Parcel Size (acres)	Density (FAR)	Construction Cost
		Residential Units	Unit Size	Bedrooms (per unit)	Total Residential Sq. Ft.	Residential Water Meter Size (per unit)	Commercial Sq. Ft.	Commercial Water Meter Size					
R1	Ownership Townhomes <sup>1</sup>	22	1,500	2.5	33,000	3/4"			46	3	1	0.76	\$ 6,560,000
R2	Medium Density Residential <sup>2</sup>	33	1,000	1.5	33,000	3/4"			61	3-5	1	0.76	6,560,000
R3	High Density Residential <sup>3</sup>	74	875	1.0	64,750	3/4"			126	5-8	1	1.49	12,872,000
M1	Mixed Use (medium density) <sup>4</sup>	80	1,000	1.5	80,000	3/4"	50,000	1"	348	3-5	3	0.99	27,568,000
M2	Mixed Use (high density) <sup>4</sup>	165	875	1.0	144,375	3/4"	50,000	1"	481	5-8	3	1.49	41,219,000
OL1	Office/Life Science <sup>5</sup>						87,210	1½"	363	2-4	2	1.00	20,202,000
OL2	Office/Life Science <sup>5</sup>						130,680	2"	545	3-6	2	1.50	30,272,000
Flex	Office/Life Science/R&D <sup>6</sup>						60,984	1½"	210	2	2	0.70	14,127,000
I1	Industrial/Warehouse						34,848	1"	17	1	2	0.40	8,073,000

<sup>1</sup> Subdivision

<sup>2</sup> Subdivision Rental

<sup>3</sup> Non-Subdivision Rental

<sup>4</sup> Office and Residential

<sup>5</sup> 75% Office, 25% Life Science

<sup>6</sup> 50% Office, 25% Life Science, 25% R&D

**Table 2: Example R1 (Ownership Townhomes)**

Fee Category	CURRENT		DRAFT		Menlo Park <sup>4</sup>	Mountain	Mountain	Palo Alto <sup>7</sup>	Redwood City	Redwood City	San Mateo <sup>7,9</sup>	Union City	Union City
	East Palo Alto (Non RBD) <sup>1,2</sup>	East Palo Alto (RBD) <sup>1,2</sup>	East Palo Alto (Non RBD) <sup>1,3</sup>	East Palo Alto (RBD) <sup>1,3</sup>		View (Low) <sup>5,6,7</sup>	View (High) <sup>5,6,7</sup>		(Low) <sup>7,8</sup>	(High) <sup>7,8</sup>		(Low) <sup>4,10</sup>	(High) <sup>4,10</sup>
DIF Administration	\$ -	\$ -	\$ 9,119	\$ 10,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	17,056	17,056	-	-	-	-	-	-
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	102,900	-	-
Community Center	-	-	-	-	-	-	-	105,491	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	15,400	15,400
General Government	-	-	-	-	-	-	-	35,200	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	269,082
Landscape-in-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	62,872	-	-	-	-	-
Parking In-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation Impact Fee <sup>11</sup>	109,718	109,718	348,810	348,810	-	-	-	-	1,043,108	1,043,108	-	-	-
Parks and Recreation In-Lieu Fee <sup>12</sup>	-	-	-	-	2,802,800	11,375,000	11,375,000	1,651,692	-	-	570,108	1,885,530	1,885,530
Public/Capital Facilities	192,410	192,410	280,170	280,170	-	-	-	-	-	-	-	269,082	269,082
Public Art	-	-	-	-	-	-	-	65,601	65,601	65,601	78,064	65,600	65,600
Public Safety	-	-	-	-	-	-	-	27,918	-	-	-	-	-
Storm Drain	74,331	128,486	114,651	299,552	3,300	-	-	-	-	-	-	-	-
Transportation/Traffic/Street	62,595	62,595	19,140	70,620	453,065	134,640	182,244	121,088	66,000	106,260	162,953	42,438	42,438
Wastewater/Sewer	-	-	-	-	-	82,500	130,104	115,500	98,311	98,311	244,214	-	-
Water	216,276	216,276	149,160	89,760	178,640	93,720	141,324	82,500	187,418	187,418	-	-	-
Subtotal	\$ 655,330	\$ 709,485	\$ 921,050	\$ 1,099,801	\$ 3,437,805	\$ 11,702,916	\$ 11,845,729	\$ 2,267,862	\$ 1,460,438	\$ 1,500,698	\$ 1,158,239	\$ 2,278,050	\$ 2,547,132
Affordable Housing In-Lieu Fee	\$ 1,142,240	\$ 1,142,240	\$ 1,142,240	\$ 1,142,240	\$ 1,074,184	\$ -	\$ -	\$ 2,022,570	\$ 825,000	\$ 825,000	\$ -	\$ 891,000	\$ 891,000
Total	\$ 1,797,570	\$ 1,851,725	\$ 2,063,290	\$ 2,242,041	\$ 4,511,989	\$ 11,702,916	\$ 11,845,729	\$ 4,290,432	\$ 2,285,438	\$ 2,325,698	\$ 1,158,239	\$ 3,169,050	\$ 3,438,132

<sup>1</sup> RBD = Ravenswood Business District

<sup>2</sup> Current East Palo Alto Storm Drain Fee varies by location.

<sup>3</sup> Draft East Palo Alto Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs, including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

<sup>4</sup> Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per square foot. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

<sup>5</sup> Mountain View Transportation, Sewer and Water fees vary by location.

<sup>6</sup> Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>7</sup> Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.

<sup>8</sup> Redwood City Transportation Impact fee varies by location.

<sup>9</sup> San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>10</sup> Union City Infrastructure Fee only charged in DIPS area

<sup>11</sup> Fee based on the standard established by the *Mitigation Fee Act* (Non-Subdivision Infill)

<sup>12</sup> Fee based on the standard established by the *Quimby Act* (Subdivision)

**Table 3: Example R2 (Medium Density Residential Rental)**

Fee Category	CURRENT		DRAFT		Menlo Park <sup>4</sup>	Mountain View	Mountain View	Palo Alto <sup>7</sup>	Redwood City	Redwood City	San Mateo <sup>7, 9</sup>	Union City	Union City
	East Palo Alto (Non RBD) <sup>1,2</sup>	East Palo Alto (RBD) <sup>1,2</sup>	East Palo Alto (Non RBD) <sup>1,3</sup>	East Palo Alto (RBD) <sup>1,3</sup>		(Low) <sup>5,6,7</sup>	(High) <sup>5, 6, 7</sup>		(Low) <sup>7,8</sup>	(High) <sup>7,8</sup>		(Low) <sup>4,10</sup>	(High) <sup>4,10</sup>
DIF Administration	\$ -	\$ -	\$ 11,898	\$ 13,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	17,056	17,056	-	-	-	-	-	-
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	111,324	-	-
Community Center	-	-	-	-	-	-	-	117,055	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	15,400	27,720
General Government	-	-	-	-	-	-	-	42,207	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	242,583
Landscape-in-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	69,741	-	-	-	-	-
Parking In-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation Impact Fee <sup>11</sup>	113,368	113,368	484,770	484,770	-	-	-	-	1,343,456	1,343,456	-	96,195	96,195
Parks and Recreation In-Lieu Fee <sup>12</sup>	-	-	-	-	2,587,200	13,640,000	13,640,000	1,707,681	-	-	610,830	2,413,620	2,413,620
Public/Capital Facilities	198,822	198,822	389,400	389,400	-	-	-	-	-	-	-	284,592	284,592
Public Art	-	-	-	-	-	-	-	65,601	65,601	65,601	78,064	65,600	65,600
Public Safety	-	-	-	-	-	-	-	33,495	-	-	-	-	-
Storm Drain	76,020	131,406	114,651	299,552	4,950	-	-	-	-	-	-	-	-
Transportation/Traffic/Street	70,681	70,681	21,120	79,200	660,574	113,124	166,540	104,576	47,190	76,230	123,445	50,919	50,919
Wastewater/Sewer	-	-	-	-	-	96,294	149,710	173,250	123,974	123,974	244,202	-	-
Water	199,658	199,658	179,850	107,910	267,960	107,514	160,930	123,750	281,127	281,127	-	-	-
Subtotal	\$ 658,548	\$ 713,934	\$ 1,201,689	\$ 1,374,440	\$ 3,520,684	\$ 13,973,988	\$ 14,134,236	\$ 2,437,357	\$ 1,861,348	\$ 1,890,388	\$ 1,167,866	\$ 2,926,326	\$ 3,181,229
Affordable Housing In-Lieu Fee	\$ 1,566,840	\$ 1,566,840	\$ 1,566,840	\$ 1,566,840	\$ 1,074,184	\$ -	\$ -	\$ 809,160	\$ 825,000	\$ 825,000	\$ -	\$ 891,000	\$ 891,000
Total	\$ 2,225,388	\$ 2,280,774	\$ 2,768,529	\$ 2,941,280	\$ 4,594,868	\$ 13,973,988	\$ 14,134,236	\$ 3,246,517	\$ 2,686,348	\$ 2,715,388	\$ 1,167,866	\$ 3,817,326	\$ 4,072,229

<sup>1</sup> RBD = Ravenswood Business District

<sup>2</sup> Current East Palo Alto Storm Drain Fee varies by location.

<sup>3</sup> Draft East Palo Alto Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs, including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

<sup>4</sup> Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per square foot. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

<sup>5</sup> Mountain View Transportation, Sewer and Water fees vary by location.

<sup>6</sup> Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>7</sup> Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.

<sup>8</sup> Redwood City Transportation Impact fee varies by location.

<sup>9</sup> San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>10</sup> Union City Infrastructure Fee only charged in DIPSA area

<sup>11</sup> Fee based on the standard established by the *Mitigation Fee Act* (Non-Subdivision Infill)

<sup>12</sup> Fee based on the standard established by the *Quimby Act* (Subdivision)

**Table 4: Example R3 (High Density Residential Rental)**

Fee Category	CURRENT East Palo Alto (Non RBD) <sup>1,2</sup>	CURRENT East Palo Alto (RBD) <sup>1,2</sup>	DRAFT East Palo Alto (Non RBD) <sup>1,3</sup>	DRAFT East Palo Alto (RBD) <sup>1,3</sup>	Menlo Park <sup>4</sup>	Mountain View (Low) <sup>5,6,7</sup>	Mountain View (High) <sup>5, 6, 7</sup>	Palo Alto <sup>7</sup>	Redwood City (Low) <sup>7,8</sup>	Redwood City (High) <sup>7,8</sup>	San Mateo <sup>7, 9</sup>	Union City (Low) <sup>4,10</sup>	Union City (High) <sup>4,10</sup>
DIF Administration	\$ -	\$ -	\$ 22,242	\$ 23,819	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	33,467	33,467	-	-	-	-	-	-
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	20,720	20,720
Child Care	-	-	-	-	-	-	-	-	-	-	249,636	-	-
Community Center	-	-	-	-	-	-	-	262,488	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	54,390	67,988
General Government	-	-	-	-	-	-	-	94,646	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	543,974
Landscape-in-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	156,389	-	-	-	-	-
Parking In-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation Impact Fee <sup>11</sup>	254,219	254,219	951,178	951,178	-	-	-	3,395,469	3,012,599	3,012,599	-	215,710	215,710
Public/Capital Facilities	445,843	445,843	764,050	764,050	-	-	-	-	-	-	-	638,176	638,176
Public Art	-	-	-	-	-	-	-	128,717	128,717	128,717	153,177	128,720	128,720
Public Safety	-	-	-	-	-	-	-	75,110	-	-	-	-	-
Storm Drain	76,020	131,406	114,651	299,552	11,100	-	-	-	-	-	-	-	-
Transportation/Traffic/Street	158,496	158,496	41,440	155,400	545,163	253,672	348,121	234,504	92,593	149,573	276,817	114,182	114,182
Wastewater/Sewer	-	-	-	-	-	215,932	310,381	388,500	278,003	278,003	410,682	-	-
Water	447,717	447,717	352,888	211,733	600,880	241,092	335,541	277,500	630,406	630,406	-	-	-
Subtotal	\$ 1,382,295	\$ 1,437,681	\$ 2,246,448	\$ 2,405,731	\$ 1,157,143	\$ 744,163	\$ 1,027,509	\$ 5,013,323	\$ 4,142,317	\$ 4,199,297	\$ 1,090,312	\$ 1,171,898	\$ 1,729,470
Affordable Housing In-Lieu Fee	\$ 3,513,520	\$ 3,513,520	\$ 3,513,520	\$ 3,513,520	\$ 2,107,679	\$ -	\$ -	\$ 1,587,670	\$ 1,618,750	\$ 1,618,750	\$ -	\$ 1,748,250	\$ 1,748,250
Total	\$ 4,895,815	\$ 4,951,201	\$ 5,759,968	\$ 5,919,251	\$ 3,264,822	\$ 744,163	\$ 1,027,509	\$ 6,600,993	\$ 5,761,067	\$ 5,818,047	\$ 1,090,312	\$ 2,920,148	\$ 3,477,720

<sup>1</sup> RBD = Ravenswood Business District

<sup>2</sup> Current East Palo Alto Storm Drain Fee varies by location.

<sup>3</sup> Draft East Palo Alto Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs, including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

<sup>4</sup> Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per square foot. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

<sup>5</sup> Mountain View Transportation, Sewer and Water fees vary by location.

<sup>6</sup> Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>7</sup> Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.

<sup>8</sup> Redwood City Transportation Impact fee varies by location.

<sup>9</sup> San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>10</sup> Union City Infrastructure Fee only charged in DIPS area

<sup>11</sup> Fee based on the standard established by the *Mitigation Fee Act* (Non-Subdivision Infill)

**Table 5: Example M1 (Mixed Use Medium Density)**

Fee Category	CURRENT East Palo Alto (Non RBD) <sup>1,2</sup>	CURRENT East Palo Alto (RBD) <sup>1,2</sup>	DRAFT East Palo Alto (Non RBD) <sup>1,3</sup>	DRAFT East Palo Alto (RBD) <sup>1,3</sup>	Menlo Park <sup>4</sup>	Mountain View (Low) <sup>5, 6, 7</sup>	Mountain View (High) <sup>5, 6, 7</sup>	Palo Alto <sup>7</sup>	Redwood City (Low) <sup>7, 8</sup>	Redwood City (High) <sup>7, 8</sup>	San Mateo <sup>7, 9</sup>	Union City (Low) <sup>4, 10</sup>	Union City (High) <sup>4, 10</sup>
DIF Administration	\$ -	\$ -	\$ 32,361	\$ 41,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	71,677	71,677	-	-	-	-	-	-
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	29,440	29,440
Child Care	-	-	-	-	-	-	-	-	-	-	303,377	-	-
Community Center	-	-	-	-	-	-	-	354,270	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	37,333	67,200
General Government	-	-	-	-	-	-	-	146,920	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	588,080
Landscape-in-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	211,070	-	-	-	-	-
Parking In-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	344,831	344,831	1,287,700	1,250,200	-	-	-	4,580,278	4,186,120	4,186,120	-	233,200	233,200
Public/Capital Facilities	602,992	602,992	1,034,500	1,004,500	-	-	-	-	-	-	-	689,920	689,920
Public Art	-	-	-	-	-	-	-	275,678	275,678	275,678	328,059	275,680	275,680
Public Safety	-	-	-	-	-	-	-	116,650	-	-	-	-	-
Storm Drain	228,060	394,219	343,953	898,655	22,800	-	-	-	-	-	-	-	-
Transportation/Traffic/Street	613,347	613,347	115,200	692,000	1,764,049	600,740	2,147,240	653,809	443,400	513,800	750,428	123,440	123,440
Wastewater/Sewer	-	-	-	-	-	448,500	630,493	430,500	496,410	496,410	611,821	-	-
Water	507,965	507,965	454,718	272,842	663,134	274,567	711,567	306,250	468,518	468,518	-	-	-
Subtotal	\$ 2,297,195	\$ 2,463,353	\$ 3,268,432	\$ 4,159,379	\$ 2,449,983	\$ 1,395,484	\$ 3,560,977	\$ 7,075,425	\$ 5,870,126	\$ 5,940,526	\$ 1,993,685	\$ 1,389,013	\$ 2,006,960
Affordable Housing In-Lieu Fee	\$ 3,798,400	\$ 3,798,400	\$ 3,798,400	\$ 3,798,400	\$ 2,604,083	\$ -	\$ -	\$ 1,961,600	\$ 1,600,000	\$ 1,600,000	\$ -	\$ 2,160,000	\$ 2,160,000
Affordable Housing Commercial Fee	677,500	677,500	677,500	677,500	1,056,000	1,480,000	1,480,000	2,145,000	1,181,000	1,181,000	1,638,000	-	-
Total	\$ 6,773,095	\$ 6,939,253	\$ 7,744,332	\$ 8,635,279	\$ 6,110,066	\$ 2,875,484	\$ 5,040,977	\$ 11,182,025	\$ 8,651,126	\$ 8,721,526	\$ 3,631,685	\$ 3,549,013	\$ 4,166,960

<sup>1</sup> RBD = Ravenswood Business District

<sup>2</sup> Current East Palo Alto Storm Drain Fee varies by location.

<sup>3</sup> Draft East Palo Alto Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs, including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

<sup>4</sup> Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

<sup>5</sup> Mountain View Transportation, Sewer and Water fees depend upon location

<sup>6</sup> Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>7</sup> Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.

<sup>8</sup> Redwood City Transportation Impact fee varies by location

<sup>9</sup> San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>10</sup> Union City Infrastructure Fee only charged in DIPSA area. Fire Equipment Fee dependent upon Form Factor (number of stories)

**Table 6: Example M2 (Mixed Use High Density)**

Fee Category	CURRENT		DRAFT		Menlo Park <sup>4</sup>	Mountain View		Palo Alto <sup>7</sup>	Redwood City		San Mateo <sup>7, 9</sup>	Union City	
	East Palo Alto (Non RBD) <sup>1,2</sup>	East Palo Alto (RBD) <sup>1,2</sup>	East Palo Alto (Non RBD) <sup>1,3</sup>	East Palo Alto (RBD) <sup>1,3</sup>		(Low) <sup>5, 6, 7</sup>	(High) <sup>5, 6, 7</sup>		(Low) <sup>7, 8</sup>	(High) <sup>7, 8</sup>		(Low) <sup>4, 10</sup>	(High) <sup>4, 10</sup>
DIF Administration	\$ -	\$ -	\$ 53,334	\$ 61,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	107,169	107,169	-	-	-	-	-	-
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	46,200	46,200
Child Care	-	-	-	-	-	-	-	-	-	-	590,121	-	-
Community Center	-	-	-	-	-	-	-	655,776	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	121,275	151,594
General Government	-	-	-	-	-	-	-	255,635	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	1,212,915
Landscape-in-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	390,706	-	-	-	-	-
Parking In-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	636,839	636,839	2,233,369	2,195,869	-	-	-	8,480,479	8,216,310	8,216,310	-	480,975	480,975
Public/Capital Facilities	1,115,109	1,115,109	1,794,125	1,764,125	-	-	-	-	-	-	-	1,422,960	1,422,960
Public Art	-	-	-	-	-	-	-	412,192	412,192	412,192	490,506	412,190	412,190
Public Safety	-	-	-	-	-	-	-	202,925	-	-	-	-	-
Storm Drain	228,060	394,219	343,953	898,655	35,550	-	-	-	-	-	-	-	-
Transportation/Traffic/Street	795,404	795,404	156,400	846,500	2,383,670	892,120	2,438,620	923,172	535,456	662,506	1,068,394	254,595	254,595
Wastewater/Sewer	-	-	-	-	-	767,250	1,030,345	876,750	815,738	815,738	935,527	-	-
Water	1,022,234	1,022,234	805,562	483,348	1,353,334	551,497	1,017,592	625,000	951,233	951,233	-	-	-
Subtotal	\$ 3,797,647	\$ 3,963,805	\$ 5,386,743	\$ 6,250,382	\$ 3,772,554	\$ 2,318,036	\$ 4,593,726	\$ 12,822,635	\$ 10,930,929	\$ 11,057,979	\$ 3,084,548	\$ 2,738,195	\$ 3,981,429
Affordable Housing In-Lieu Fee	\$ 7,834,200	\$ 7,834,200	\$ 7,990,884	\$ 7,990,884	\$ 4,699,555	\$ 4,539,975	\$ 4,539,975	\$ 3,540,075	\$ 2,887,500	\$ 2,887,500	\$ 4,539,975	\$ 3,898,125	\$ 3,898,125
Affordable Housing Commercial Fee	677,500	677,500	677,500	677,500	1,056,000	1,480,000	1,480,000	2,145,000	1,181,000	1,181,000	1,638,000	-	-
Total	\$ 12,309,347	\$ 12,475,505	\$ 14,055,127	\$ 14,918,766	\$ 9,528,109	\$ 8,338,011	\$ 10,613,701	\$ 18,507,710	\$ 14,999,429	\$ 15,126,479	\$ 9,262,523	\$ 6,636,320	\$ 7,879,554

<sup>1</sup> RBD = Ravenswood Business District

<sup>2</sup> Current East Palo Alto Storm Drain Fee varies by location.

<sup>3</sup> Draft East Palo Alto Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs, including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

<sup>4</sup> Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

<sup>5</sup> Mountain View Transportation, Sewer and Water fees depend upon location

<sup>6</sup> Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>7</sup> Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.

<sup>8</sup> Redwood City Transportation Impact fee varies by location

<sup>9</sup> San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.

<sup>10</sup> Union City Infrastructure Fee only charged in DIPSA area. Fire Equipment Fee dependent upon Form Factor (number of stories)

**Table 7: Example OL1 (Office/Life Science)**

Fee Category	CURRENT East Palo Alto (Non RBD) <sup>1,2</sup>	CURRENT East Palo Alto (RBD) <sup>1,2</sup>	DRAFT East Palo Alto (Non RBD) <sup>1,3</sup>	DRAFT East Palo Alto (RBD) <sup>1,3</sup>	Menlo Park <sup>4</sup>	Mountain View (Low) <sup>5, 6</sup>	Mountain View (High) <sup>5, 6</sup>	Palo Alto <sup>5</sup>	Redwood City <sup>5</sup>	San Mateo <sup>5</sup>	Union City (Low) <sup>4, 7</sup>	Union City (High) <sup>4, 7</sup>
DIF Administration	\$ -	\$ -	\$ 6,943	\$ 12,901	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -
Documentation Fee	-	-	-	-	-	52,525	52,525	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	58,431	-	-
Community Center	-	-	-	-	-	-	-	122,966	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	101,063
General Government	-	-	-	-	-	-	-	77,791	-	-	-	-
Landscape-in-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	73,256	-	-	-	-
Parking In-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	122,094	122,094	196,223	196,223	-	-	-	1,586,350	685,471	-	-	-
Public/Capital Facilities	211,048	211,048	157,850	157,850	-	-	-	-	-	-	-	-
Public Art	-	-	-	-	-	-	-	202,022	202,022	240,404	202,020	202,020
Public Safety	-	-	-	-	-	-	-	61,832	-	-	-	-
Storm Drain	126,700	219,010	191,085	499,253	15,698	-	-	-	-	-	-	-
Transportation/Traffic/Street	770,936	770,936	111,629	414,248	2,293,061	569,481	3,266,887	698,188	573,842	786,925	-	-
Wastewater/Sewer	-	-	-	-	-	259,014	401,166	31,668	341,630	39,635	-	-
Water	47,894	47,894	37,465	22,502	27,069	27,851	790,066	18,850	28,396	-	-	-
Subtotal	\$ 1,278,673	\$ 1,370,983	\$ 701,194	\$ 1,302,976	\$ 2,335,828	\$ 908,871	\$ 4,510,644	\$ 2,872,924	\$ 1,831,360	\$ 1,125,394	\$ 202,020	\$ 303,083
Affordable Housing Commercial Fee	\$ 1,181,696	\$ 1,181,696	\$ 1,181,696	\$ 1,181,696	\$ 1,841,875	\$ 2,707,930	\$ 2,707,930	\$ 3,741,309	\$ 2,059,900	\$ 2,857,000	\$ -	\$ -
Total	\$ 2,460,368	\$ 2,552,678	\$ 1,882,890	\$ 2,484,671	\$ 4,177,703	\$ 3,616,801	\$ 7,218,574	\$ 6,614,233	\$ 3,891,261	\$ 3,982,394	\$ 202,020	\$ 303,083

<sup>1</sup> RBD = Ravenswood Business District

<sup>2</sup> Current East Palo Alto Storm Drain Fee varies by location.

<sup>3</sup> Draft East Palo Alto Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs, including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

<sup>4</sup> Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

<sup>5</sup> Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes parking will be provided onsite and in-lieu fee will not apply.

<sup>6</sup> Mountain View Transportation, Water and Sewer fees depend on location

<sup>7</sup> Union City Fire Equipment Fee dependent upon Form Factor (number of stories)

**Table 8: Example OL2 (Office/Life Science)**

Fee Category	CURRENT		DRAFT		Menlo Park <sup>4</sup>	Mountain View		Palo Alto <sup>5</sup>	Redwood City <sup>5</sup>	San Mateo <sup>5</sup>	Union City (Low) <sup>4, 7</sup>	Union City (High) <sup>4, 7</sup>
	East Palo Alto (Non RBD) <sup>1,2</sup>	East Palo Alto (RBD) <sup>1,2</sup>	East Palo Alto (Non RBD) <sup>1,3</sup>	East Palo Alto (RBD) <sup>1,3</sup>		(Low) <sup>5, 6</sup>	(High) <sup>5, 6</sup>					
DIF Administration	\$ -	\$ -	\$ 9,489	\$ 16,865	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -
Documentation Fee	-	-	-	-	-	52,525	52,525	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	87,556	-	-
Community Center	-	-	-	-	-	-	-	184,259	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	67,375	134,750
General Government	-	-	-	-	-	-	-	116,567	-	-	-	-
Landscape-in-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	109,771	-	-	-	-
Parking In-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	182,952	182,952	294,030	294,030	-	-	-	2,377,069	1,027,145	-	-	-
Public/Capital Facilities	316,246	316,246	236,531	236,531	-	-	-	-	-	-	-	-
Public Art	-	-	-	-	-	-	-	302,720	302,720	360,237	302,720	302,720
Public Safety	-	-	-	-	-	-	-	92,652	-	-	-	-
Storm Drain	126,700	219,010	191,085	499,253	23,522	-	-	-	-	-	-	-
Transportation/Traffic/Street	1,155,211	1,155,211	167,270	620,730	3,436,044	853,340	4,895,273	1,046,201	859,874	1,179,169	-	-
Wastewater/Sewer	-	-	-	-	-	388,120	601,128	52,500	511,916	63,415	-	-
Water	76,629	76,629	59,938	36,000	43,310	44,562	1,186,705	31,250	45,433	-	-	-
Subtotal	\$ 1,857,738	\$ 1,950,049	\$ 958,343	\$ 1,703,409	\$ 3,502,876	\$ 1,338,547	\$ 6,735,631	\$ 4,312,989	\$ 2,747,088	\$ 1,690,376	\$ 370,095	\$ 437,470
Affordable Housing Commercial Fee	\$ 1,770,714	\$ 1,770,714	\$ 1,770,714	\$ 1,770,714	\$ 2,759,962	\$ 4,142,440	\$ 4,142,440	\$ 5,606,172	\$ 3,086,662	\$ 4,281,077	\$ -	\$ -
Total	\$ 3,628,452	\$ 3,720,763	\$ 2,729,057	\$ 3,474,123	\$ 6,262,838	\$ 5,480,987	\$ 10,878,071	\$ 9,919,161	\$ 5,833,750	\$ 5,971,453	\$ 370,095	\$ 437,470

<sup>1</sup> RBD = Ravenswood Business District

<sup>2</sup> Current East Palo Alto Storm Drain Fee varies by location.

<sup>3</sup> Draft East Palo Alto Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs, including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

<sup>4</sup> Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

<sup>5</sup> Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes parking will be provided onsite and in-lieu fee will not apply.

<sup>6</sup> Mountain View Transportation, Water and Sewer fees depend on location

<sup>7</sup> Union City Fire Equipment Fee dependent upon Form Factor (number of stories)

**Table 9: Example Flex (Office/Life Science/R&D)**

Fee Category	CURRENT East Palo Alto (Non RBD) <sup>1,2</sup>	CURRENT East Palo Alto (RBD) <sup>1,2</sup>	DRAFT East Palo Alto (Non RBD) <sup>1,3</sup>	DRAFT East Palo Alto (RBD) <sup>1,3</sup>	Menlo Park <sup>4</sup>	Mountain View (Low) <sup>5, 6</sup>	Mountain View (High) <sup>5, 6</sup>	Palo Alto <sup>5</sup>	Redwood City <sup>5</sup>	San Mateo (Low) <sup>5</sup>	Union City
DIF Administration	\$ -	\$ -	\$ 5,542	\$ 10,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation Fee	-	-	-	-	-	52,525	52,525	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	40,859	-
Community Center	-	-	-	-	-	-	-	85,987	-	-	-
General Government	-	-	-	-	-	-	-	54,398	-	-	-
Landscape-in-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	51,227	-	-	-
Parking In-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	85,378	85,378	137,214	137,214	-	-	-	1,109,299	479,334	-	-
Public/Capital Facilities	147,581	147,581	110,381	110,381	-	-	-	-	-	-	-
Public Art	-	-	-	-	-	-	-	141,269	141,269	168,111	141,270
Public Safety	-	-	-	-	-	-	-	43,238	-	-	-
Storm Drain	126,700	219,010	191,085	499,253	10,977	-	-	-	-	-	-
Transportation/Traffic/Street	539,099	539,099	78,060	289,674	1,034,507	398,226	2,284,461	488,227	401,275	550,279	-
Wastewater/Sewer	-	-	-	-	-	181,122	280,526	31,668	238,894	39,635	-
Water	47,894	47,894	37,465	22,502	27,069	27,851	560,851	18,850	28,396	-	-
Subtotal	\$ 946,652	\$ 1,038,962	\$ 559,747	\$ 1,069,614	\$ 1,072,553	\$ 659,724	\$ 3,178,363	\$ 2,024,163	\$ 1,289,168	\$ 798,884	\$ 141,270
Affordable Housing Commercial Fee	\$ 826,333	\$ 826,333	\$ 826,333	\$ 826,333	\$ 1,287,982	\$ 1,842,472	\$ 1,842,472	\$ 2,616,214	\$ 1,440,442	\$ 1,997,836	\$ -
Total	\$ 1,772,985	\$ 1,865,295	\$ 1,386,080	\$ 1,895,947	\$ 2,360,535	\$ 2,502,196	\$ 5,020,835	\$ 4,640,376	\$ 2,729,610	\$ 2,796,720	\$ 141,270

<sup>1</sup> RBD = Ravenswood Business District

<sup>2</sup> Current East Palo Alto Storm Drain Fee varies by location.

<sup>3</sup> Draft East Palo Alto Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs, including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

<sup>4</sup> Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

<sup>5</sup> Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes parking will be provided onsite and in-lieu fee will not apply.

<sup>6</sup> Mountain View Transportation, Water and Sewer fees vary by location.

**Table 10: Example I1 (Industrial/Warehouse)**

Fee Category	CURRENT		DRAFT		Menlo Park <sup>4</sup>	Mountain	Mountain	Palo Alto		Redwood	Redwood	San Mateo	San Mateo	Union City
	East Palo Alto (Non RBD) <sup>1,2</sup>	East Palo Alto (RBD) <sup>1,2</sup>	East Palo Alto (Non RBD) <sup>1,3</sup>	East Palo Alto (RBD) <sup>1,3</sup>		View (Low) <sup>5, 6</sup>	View (High) <sup>5, 6</sup>	(Low) <sup>5</sup>	(High) <sup>5</sup>	City (Low) <sup>5</sup>	City (High) <sup>5</sup>	(Low) <sup>5</sup>	(High) <sup>5</sup>	
DIF Administration	\$ -	\$ -	\$ 3,069	\$ 7,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation Fee	-	-	-	-	-	52,525	52,525	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	-	7,667	7,667	-
Community Center	-	-	-	-	-	-	-	49,136	49,136	-	-	-	-	-
General Government	-	-	-	-	-	-	-	10,454	10,454	-	-	-	-	-
Landscape-in-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	29,272	29,272	-	-	-	-	-
Parking In-Lieu Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	19,166	19,166	31,363	31,363	-	-	-	633,885	633,885	88,514	88,514	-	-	-
Public/Capital Facilities	34,500	34,500	25,091	25,091	-	-	-	-	-	-	-	-	-	-
Public Art	-	-	-	-	-	-	-	80,725	80,725	80,725	80,725	96,069	96,069	80,730
Public Safety	-	-	-	-	-	-	-	8,259	8,259	-	-	-	-	-
Storm Drain	135,147	233,611	203,824	532,536	6,691	-	-	-	-	-	-	-	-	-
Transportation/Traffic/Street	200,724	200,724	27,878	103,150	172,973	227,557	1,305,406	154,993	154,993	103,150	103,150	172,491	172,491	-
Wastewater/Sewer	-	-	-	-	-	103,499	160,301	10,500	10,500	136,511	136,511	19,817	19,817	-
Water	23,946	23,946	18,718	11,242	13,534	13,927	318,499	6,250	6,250	14,198	14,198	-	-	-
Subtotal	\$ 413,484	\$ 511,948	\$ 309,943	\$ 710,416	\$ 193,198	\$ 397,508	\$ 1,836,731	\$ 983,474	\$ 983,474	\$ 423,098	\$ 423,098	\$ 296,043	\$ 296,043	\$ 80,730
Affordable Housing Commercial Fee	\$ -	\$ -	\$ -	\$ -	\$ 399,358	\$ 979,984	\$ 979,984	\$ 870,155	\$ 870,155	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 413,484	\$ 511,948	\$ 309,943	\$ 710,416	\$ 592,556	\$ 1,377,492	\$ 2,816,715	\$ 1,853,629	\$ 1,853,629	\$ 423,098	\$ 423,098	\$ 296,043	\$ 296,043	\$ 80,730

<sup>1</sup> RBD = Ravenswood Business District

<sup>2</sup> Current East Palo Alto Storm Drain Fee varies by location.

<sup>3</sup> Draft East Palo Alto Administrative charge of 1.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs, including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

<sup>4</sup> Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

<sup>5</sup> Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes parking will be provided onsite and in-lieu fee will not apply.

<sup>6</sup> Mountain View Transportation, Water and Sewer fees depend on location

**ATTACHMENT 5  
City of East Palo Alto**

**Comparison of Existing and Recommended Development Impact Fees**  
*Residential fees shown per dwelling unit (recommended fees vary by square feet of unit)*  
*Non-Residential fees shown per square foot (sf) unless otherwise noted*

	Parks and Trails		Public Facilities		Transportation		Water Capacity		Storm D
	Existing	Recommended	Existing	Recommended	Existing	Recommended	Existing	Recommended	Existing
<b>Outside RBD</b>									
<b>SF/Townhouae</b> (assume 1,600 sf)	\$4,987	\$16,912	\$8,746	\$13,584	\$2,845	\$896	\$9,831	\$7,232	\$3,379
<b>Multi-family</b> (assume 750 sf)	\$3,435	\$11,018	\$6,025	\$8,850	\$2,142	\$480	\$6,050	\$4,088	\$84,467 per impervious acre
<b>Retail</b>	\$0.92	\$1.50	\$1.61	\$1.21	\$8.84	\$1.28	by meter size based on \$37.80 gpd	by meter size based on \$29.57 gpd	
<b>Office/R&amp;D</b>	\$1.40	\$2.25	\$2.42	\$1.81	\$8.84	\$1.28			
<b>Industrial</b>	\$0.55	\$0.90	\$0.99	\$0.72	\$5.76	\$0.80			
<b>Within RBD</b>									
<b>SF/Townhouae</b> (assume 1,600 sf)	\$4,987	\$16,912	\$8,746	\$13,584	\$2,845	\$4,320	\$9,831	\$4,896	\$5,840
<b>Multi-family</b> (assume 750 sf)	\$3,435	\$11,018	\$6,025	\$8,850	\$2,142	\$2,280	\$6,050	\$2,453	\$146,007 per impervious acre
<b>Retail</b>	\$0.92	\$1.50	\$1.61	\$1.21	\$8.84	\$6.03	by meter size based on \$37.80 gpd	by meter size based on \$17.76 gpd	
<b>Office/R&amp;D</b>	\$1.40	\$2.25	\$2.42	\$1.81	\$8.84	\$6.03			
<b>Industrial</b>	\$0.55	\$0.90	\$0.99	\$0.72	\$5.76	\$3.76			

	Fee Increase
	Fee Decrease

## rainage

Recommended

\$4,679

\$127,390  
per impervious  
acre

\$12,225

\$332,835  
per impervious  
acre

**ATTACHMENT 6**

**COMMENTS LETTERS**

**PUBLIC REVIEW DRAFTS**

**Nexus Study Update**

**Financial Feasibility Analysis**

**Fee Comparison Survey**

**June 2024**

**November 2024**



July 31, 2024

Mr. Hanson Hom  
Deputy Manager, Special Projects  
City of East Palo Alto  
1960 Tate Street  
East Palo Alto, CA 94303

RE: City of East Palo Alto  
Nexus Study / Financial Feasibility Study

Dear Hanson,

We appreciate the opportunity to provide our comments on the recently released Draft Nexus Study and Financial Feasibility Study for the City of East Palo Alto.

We understand that the intent of the Nexus Study is to provide an analysis of the development impact fees needed to support future development in the City of East Palo Alto through 2045, and that developers pay the cost (or 'fair share') of public facilities and infrastructure improvements necessitated by their development in the form of a development impact fee.

As you are aware, we recently contracted with BAE Urban Economics (BAE) to provide its professional analysis and opinion on both the Nexus Study and Financial Feasibility Study. In general, while BAE does appreciate Willdan's work product prepared on behalf of the City of East Palo Alto, it did have some important questions and concerns regarding the aspects of the Nexus Study.

Please see the attached Memos prepared by BAE, providing comments on both the Nexus Study and Financial Feasibility Study. Additionally, we previously provided additional comments and questions on the draft Financial Feasibility Study, many of which were also included in BAE's Memo. We are including these comments as an additional Attachment to this letter as well.

As BAE states, there are several key issues which should be addressed before the Study is finalized and updated fees adopted by the City. We believe it would be in the best interest of the City and its development partners, to have a working session with City staff to discuss our collective comments, questions and concerns prior to the Nexus Study being finalized.

Thank you again for the opportunity to share our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Diamond".

Kim Diamond  
Harvest Properties

Attachment

## **Attachment 1**

Prior Comments submitted to the City  
(via email to Hanson Hom, on June 28, 2024)

1. Please clarify how City can propose increasing Impact fees at this time, given that the last time the City updated its Impact Fees in 2019 was a far stronger time, and at this time, none of the projects are feasible or have little to negative land value? Is there legal precedence for this?
2. Feasibility Study
  - a. Any Mixed-Use site with the density assumed will have structured parking and likely little to no surface parking.
  - b. Any site with a density of 1.0 will be almost entirely structured parking. Currently, there is an assumption of 30% surface parking, which is much too high.
  - c. Measure L & HH (\$2.50psf/year) needs to be capped since it is not a one-time fee and goes into perpetuity. This is shown as a one-time cost in the Impact Fee comparison, which severely understates EPA's fees in comparison to other cities.
  - d. Note that Commercial Rents are too high:
    - i. Office = \$4.00 (current) / \$5.50 (peak)
    - ii. Life Science = \$5.50 (current) / \$7.00 (peak)
    - iii. Flex = \$3.00 (current) / \$3.50 (peak)
  - e. Residential Rents are too high and should be offset by concessions. We suggest doing a comparative study of newer MF rental product in East Palo Alto; note that brand new construction in Oakland is only receiving rental income of \$3.00/sf and topped out ~\$4.00/sf.
  - f. Cap Rates used are incredibly low and not consistent with the market:
    - i. Office = 5% (it has never been this low on average)
    - ii. Residential = 4% (minimum of 5.25% today but higher on fully stabilized without concessions)
  - g. Developer profit needs to be 18%+; this has always has been the threshold.
  - h. Cost of debt is far too low (5% of construction costs).
  - i. Commercial vacancy should be a minimum of 10% given the extensive amount of existing commercial vacancy as well as the change in institutional underwriting standards going forward.
  - j. Commercial Operating Expenses: there are still non-reimbursable, ownership operating expenses that should be included.
  - k. Residential Operating Expenses: This percentage is much higher (35%+) now due to inflation, as well as the significant increase in insurance which is not reimbursable.
  - l. We recommend inflating costs (or at least note) if using forward-looking assumptions for rents / cap rates.
  - m. The below fees/costs need to be included in the Feasibility Analysis
    - i. Excluded
      1. TDM/TMA
      2. School Fees
      3. RBD Specific Plan Fees
      4. Community Benefit Requirements
      5. Additional infrastructure improvements requirements
        - a. Sanitary District
      6. Maintenance of public infrastructure
      7. Public right of way improvements
      8. Public right of way acquisitions (Bay Rd expansion)
      9. Construction Costs
        - a. Necessity to raise sites
        - b. Environmental contamination/remediation
      10. Carry Costs

3. Nexus Study
  1. Confirm that the infrastructure cost estimates in the Nexus Study are consistent with the City's recent infrastructure studies.
  2. Clarify and explain how development of a currently paved site (such as Harvest's sites) causes additional impacts to the storm drain system.

## ***Attachment 2***

Prepared by BAE Urban Economics:

- Memo re: Review of Impact Fee Nexus Study Prepared by Willdan Financial Services for the City of East Palo Alto
- Memo re: Review of Financial Feasibility Analysis Prepared by Willdan Financial Services for Update of East Palo Alto Development Impact Fee Program



# SAND HILL PROPERTY COMPANY

2600 El Camino Real, Suite 410 | Palo Alto, California 94306

2041 Euclid Avenue | East Palo Alto, California 94303

nodisplacement.com | universityandbay.com

July 31, 2024

Hanson Hom  
Deputy Manager, Special Projects  
City of East Palo Alto  
2415 University Ave.  
East Palo Alto, CA 94303

*Via Electronic Mail*

RE: Draft Nexus Study and Draft Financial Feasibility Analysis

Dear Hanson:

We write today with additional comments and to provide the peer review of the Development Impact Fee Nexus Study Updates and the Financial Feasibility Analysis. We ask that you consider the peer review and revise both the Nexus Study and Financial Feasibility Analysis accordingly. More accurate studies and analyses will provide more accurate information to inform the City Council's land use decisions. Our comments below are informed by a peer-review of the Draft Nexus Study and Draft Feasibility analysis provided by BAE Urban Economics, included below.

We previously requested that the nexus study and feasibility analysis be corrected so that they more accurately reflect the existing data. We anticipate that corrected reports will show even less feasibility than the draft reports indicate.

1. Reconsider capital infrastructure projects. The capital infrastructure costs have gone up significantly in this nexus study, relative to the City's prior nexus study. The new additions include significant new expenditures for parks and trails, purchase of a City Hall, a new Police Department Building, and new community facilities in the RBD. These all represent areas in which there are significant existing deficiencies in service within the City. The Mitigation Fee Act prohibits a local agency from charging new residents the costs attributable to existing deficiencies. Cal. Gov't Code § 66001(g). The City's need for updates to its parks, a new City Hall, a new Police Station, and other community facilities exist whether or not there is any new development in the RBD. It is therefore inappropriate to include these existing deficiencies in the impact fee calculations.

The Mitigation Fee Act also requires there to be a reasonable relationship between the need for the public facility and the development project. *Id.* at 66001(a)(4). There is no relationship between new development in the RBD and the City's desire for a City Hall and a new Police Station. These goals exist whether or not there is any new development in the RBD and whether or not the new Specific Plan is adopted. It is also worth noting that the City functions without these capital improvement projects, and it is not clear that there is a need for such expensive new improvements.

We request that the list of parks and trails expenditures and public facilities expenditures be revised to remove the projects that reflect existing deficiencies and those that are unrelated to the new development, including new City Hall, new Police Station, and updates to existing parks.

2. Recalculate new development's share of capital projects. The nexus study also overestimates the share of the capital improvement costs attributable to new development. Because many of the capital projects reflect existing deficiencies, they should be overwhelmingly funded by non-impact fee revenues. In other words, new development should not be asked to shoulder such a large share of the cost of those projects. We request that the proportion of those projects attributable to new development be significantly reduced to eliminate the need for new development to pay to remedy existing deficiencies.
3. Update the feasibility study with accurate data. The feasibility study uses current data for some assumptions, but "historic" data for other assumptions. This overstates feasibility. The study should use actual current data for all assumptions, including current land values, rents, interest rates, and cap rates. The study should capitalize the business license tax expenses, which are very high.
4. Correct the inclusionary housing costs. The feasibility analysis assumes an inclusionary housing obligation of 20% when in lieu fees are charged. This is incorrect. The City's inclusionary housing ordinance requires 25% when in lieu fees are paid, so the analysis should use the 25% threshold.
5. Update the feasibility study with all relevant expenses. The feasibility study overstates feasibility by omitting many significant expenses. The study should include the cost of TDM/TMA, sanitary sewer connection fees, and school fees. And, to align with the overall development envelope studied in the nexus studies, the costs of exemplary community benefits should also be included as they are required by the draft Specific Plan in order to reach that development envelope.
6. Update Attachment 5: Comparison of Total Development Impact Fees Charged by Surrounding Cities. After the feasibility study data have been corrected and augmented, the updated numbers should be reflected in the comparison table. By omitting certain expenses for East Palo Alto, but including comprehensive expenses for other cities, the table misleads the audience to conclude the East Palo Alto's fees are lower than they actually are.
7. Feasibility and Nexus Studies Must Inform the Specific Plan. The studies show that projects at the "base" level of development are not feasible. This means that adding additional expense through the "standard" and "exemplary" levels of community benefits would be even less feasible. The Specific Plan standards should be adjusted to ensure that development is feasible and the community's vision for the RBD can be realized. The higher the impact fees are, the longer into the next business cycle it will be before anything in East Palo Alto can be built, and the City may again "miss" the cycle and generate no new housing and no new employment.

8. Prioritize the Creation of Housing. You have adopted a Housing Element committing to significant production of new housing of all types during this cycle. High impact fees are a governmental constraint on the production of housing. Increasing impact fees will jeopardize your ability to meet the Regional Housing Needs Assessment as most housing types are infeasible even at the current fee burden.

Thank you for reviewing these technical documents. We appreciate your work to ensure that you have accurate, complete information when you make your decisions about impact fees and the Specific Plan.

Sincerely,



Michael Kramer

Encl.

- BAE Urban Economics Review of Impact Fee Nexus Study Prepared by Willdan Financial Services for the City of East Palo Alto
- BAE Urban Economics Review of Financial Feasibility Analysis Prepared by Willdan Financial Services for Update of East Palo Alto Development Impact Fee Program

## DRAFT Memorandum

**To:** Mia Bernardino, Emerson Collective  
Kim Diamond, Harvest Properties  
Michael Kramer, Sandhill Properties

**From:** Paul Peninger, Principal

**Date:** July 31, 2024

**Re:** Review of Impact Fee Nexus Study Prepared by Willdan Financial Services for the City of East Palo Alto

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### Summary Findings

This memo summarizes BAE's review of the *Draft Development Impact Fee Nexus Study Update* prepared by Willdan Financial Services for the City of East Palo Alto. This Study, released on June 14, 2024, is an update of a previous study prepared by AECOM in 2019. BAE has reviewed the current Draft Study considering best practices in the preparation of such studies for California jurisdictions. In general, the Willdan Study is structured to conform with accepted professional practices in the preparation of California nexus studies, but there are several key issues which should be addressed before the Study is finalized and updated fees adopted by the City, as follows:

- **Significantly Higher Capital Costs are Driving Higher Maximum Supportable Impact Fees.** Capital infrastructure costs included in the updated Draft Study are \$122M higher than the costs included in the 2019 Nexus Study, driven primarily by much larger planned expenditures in Parks and Trails and Public Facilities. Additional documentation and analysis of new and/or much more costly public facilities in these and other categories would make the Nexus Study clearer and more defensible.
- **The Service Population Weighting Factor Does Not Take Into Account Shorter and/or Modified Workweeks.** New capital expenditures for planned facilities included in the Draft Study are used to derive maximum supportable square foot fees by land use based on a "service population" consisting of both new residents and new workers. Although the Nexus Study uses a lower weighting factor of .31 compared to the .5 factor used in the 2019 Study, this updated factor is based on a traditional 40-hour work week, which may no longer be justified by current flexible work schedules which allow for hybrid and remote work schedules.

- **Capital Costs for Planned Public Facilities Included in the Draft Study are Inconsistent with the City’s Capital Improvement Program and other City Plans and Policy Guidance.** Each infrastructure category includes a list of public facilities and related costs for both Citywide and Ravenswood Business District (RBD)-specific items. In many cases, however, the costs listed are either inconsistent with the City’s most recently adopted CIP and/or insufficiently described to allow for a complete understanding of the relationship between the proposed public facility and new development.
- **Capital cost allocations for Storm Drainage and Water are inadequately defined.** For both storm water and water facilities and services items, the Nexus Studies states that “staff prepared an allocation of each project...” No additional documentation or analysis is provided regarding methods for these Staff allocation or variations in percentage allocations between 2019 and 2024.
- **Transportation costs are poorly defined and uncertain.** The proposed \$25M loop road makes up a substantial percentage of planned transportation facilities costs in the RBD. However, the Nexus Study states that “the City Council will have to decide whether it will want to pursue the Loop Road project.’ The status of this project should be clarified in the final study.

## Introduction

BAE Urban Economics (BAE) was retained by a group of Ravenswood property owners to prepare a peer review of the Development Impact Fee Nexus Study and Financial Feasibility Analysis recently prepared by Willdan Financial Services for the City of East Palo Alto<sup>1</sup>. These infrastructure impact fees were originally established in 2019 through a study process conducted by AECOM and are now being updated to reflect current infrastructure needs and real estate market conditions.<sup>2</sup>.

Willdan has prepared two versions of the Draft Nexus Study based on the development scenarios being considered for the update of the Ravenswood Business District/4 Corner Specific Plan: Scenario 1 for up to 2.82 million square feet of office/research and development space, and Scenario 2 for up to 3.35 million square feet of office/research and development space. In addition, a Draft Financial Feasibility Analysis has also been prepared to evaluate the effect of impact fees on project feasibility.

The purpose of this memo is to provide BAE’s evaluation of the Draft Nexus Study for conformance with industry best practices in terms of approach, methodologies, and data sources. Though not a legal analysis or opinion, this review includes an assessment of the

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<sup>1</sup> This property owners group includes the Emmerson Collective, Harvest Properties and Sand Hill Properties.

<sup>2</sup> The Draft Development Impact Fees Studies and Financial Feasibility Analysis are available [here](#).

Draft Nexus Study's analysis of California Mitigation Fees Act requirements (see below), as well as an in-depth analysis of the current Draft Nexus Study in comparison to the 2019 study. Both Scenarios 1 and 2 are compared to the 2019 study overall and by major infrastructure category, as feasible. In completing this analysis, BAE has leveraged our staff knowledge and expertise completing similar studies for California jurisdictions.

Following this introduction, the memo provides an analysis of the overall proposed capital infrastructure costs to be supported by the updated fee program, and then provides an individual assessment of each of the five major infrastructure categories: Parks and Trails; Public Facilities; Storm Drainage; Transportation, and; Water.

## California Mitigation Fee Act (MFA) Requirements

The California Mitigation Fee Act requires local agencies to make nexus and proportionality findings when imposing fees on development projects to fund public facilities. Fees must be reasonably related to the purpose of the fee and the type of development project and be "roughly proportional" to the development's impact to the burden that new development places on public facilities.

Specifically, Government Code Section 66001(a) of the Mitigation Fee Act (Section 66000-66025) requires that any local public agency (city or county) that establishes, imposes, or increases a fee as a condition of development approval do all of the following: (1) identify the purpose of the fee, (2) identify the use to which the fee is to be put, (3) determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed, and (4) determine how there is a *reasonable relationship* between the need for the public facility and the type of development project upon which the fee is imposed<sup>3</sup>. Government Code Section 66001(b) further requires the locality to determine whether there is a *reasonable relationship* between the specific amount the fee imposed and the costs of building, expanding, or upgrading public facilities.

Each of the infrastructure categories and proposed fees included in the update Nexus Study are subject to this analysis, however, as noted below, in some cases additional data and supporting documentation would be required to properly establish both nexus and proportionality for specific items.

## Capital Infrastructure Costs

The City's development impact fees are being updated in large part to address increased capital costs contemplated in the City's Capital Infrastructure Program (CIP), last updated in

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<sup>3</sup> [www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/fees-and-exactions#:~:text=Government%20Code%20Section%2066001\(a,which%20the%20fee%20is%20imposed.](http://www.hcd.ca.gov/planning-and-community-development/housing-elements/building-blocks/fees-and-exactions#:~:text=Government%20Code%20Section%2066001(a,which%20the%20fee%20is%20imposed.)

May, 2024 for the Fiscal Years 2024–2025-time frame.<sup>4</sup> In general, the infrastructure items included in the Draft Nexus Study appear to be based on this document, though there are some discrepancies and exceptions as further noted below by major category. Per the Capital Improvement Program:

*Currently, the City’s greatest capital improvement needs are related to public safety, specifically water infrastructure, mobility, and flood protection. To accomplish the City’s obligation to its residents, this ten-year Capital Improvement Program will focus on these priorities.*

The infrastructure costs included in the Draft Nexus Study, however, do not necessarily reflect this statement of priorities. As shown in Table 1 below the largest capital expenditures in the Nexus Study are Public Facilities at \$127M and Parks and Trails at \$89M. Overall, the infrastructure costs included in the Draft Study have increased by 38% from \$316M in 2019 to \$438M in 2024. This increase is driven primarily by large increases in Parks and Trails (139%) and Public Facilities (95%) rather than primarily by increases for water infrastructure, flood protection or mobility. As will be explored further below by major category, the increase in maximum supportable impact fees provided in Draft Study are driven by these dramatically larger infrastructure costs in key categories.

**Table 1: East Palo Alto  
Capital Expenditures by Infrastructure Category, 2019 and 2024**

	2019 (1)	2024	\$ Change	% Change
<b>Parks and Trails</b>	\$37,190,000	\$88,799,000	\$51,609,000	139%
<b>Public Facilities</b>	\$65,218,000	\$127,120,000	\$61,902,000	95%
<b>Storm Drainage</b>	\$54,130,000	\$79,857,000	\$25,727,000	48%
<b>Transportation (3)</b>	\$98,641,000	\$73,324,477	-\$25,316,523	-26%
<b>Water Facilities + Supply</b>	\$61,078,000	\$68,854,000	\$7,776,000	13%
<b>Total</b>	\$316,257,000	\$437,956,501	<b>\$121,699,501</b>	<b>38%</b>

Notes:

- (1) Gross project costs in \$2018.
- (2) Net project costs in \$2024.
- (3) Includes both Citywide and RBD items, including the proposed loop road.

Sources: Willdan, 2024; BAE, 2024.

## Service Population

New capital expenditures for planned facilities included in the Draft Study are used to derive maximum supportable square foot fees by land use based on a “service population” consisting of both new residents and new workers. For some categories, there is both a citywide service population and an RBD service population. Whereas the 2019 AECOM study estimated that each new worker represented .5 of a new resident, the Draft Nexus Study

<sup>4</sup>[www.cityofepa.org/sites/default/files/fileattachments/public\\_works/page/3451/cip\\_for\\_website\\_final.pdf](http://www.cityofepa.org/sites/default/files/fileattachments/public_works/page/3451/cip_for_website_final.pdf)

assumes a .31-weighting factor based on a 40-hour workweek divided by the total number of non-work hours in a week (128) and “reflects the degree to which nonresidential development yields a lesser demand for parks and trail facilities.” This updated weighting factor results in a lower overall service population than if the .5 factor had been carried over from 2019 but does not explicitly account for changes to the 40 hour “on site” work week related to flexible and remote working schedules; these would result in lower service demands from new commercial space.

## Parks and Trails

Summarized in Table 2 below, the Parks and Trails category would include \$89M in proposed expenditures, representing a 139% increase from 2019. The specific capital projects listed in Table 3.5 of the Draft Study are sourced both to the CIP and the City’s Final Draft Parks, Recreation and Open Space Master Plan from March 2023. However, the capital costs listed in the Master Plan are not entirely consistent with the costs listed in the CIP (for example in the case of Bell Street Park – Table 4.7 in the Master Plan). There are also additional items included in the current study that are not listed at all in the Parks Master Plan and described in only a cursory fashion in the CIP (for example, the “New Parks in Ravenswood/4 Corners Area” are listed at \$22M but described in the CIP only as” approximately 4.5 miles of trails and improved pedestrian sidewalks, including along the Bay.”) In the absence of full descriptions and complete and consistent documentation it is difficult to assess the extent to which all cost items have a clear relationship with new development, or to analyze the proportionality of maximum fees to the impact of new development.

**Table 2: Parks and Trails Maximum Supportable Fees, 2019 vs. 2024**

	2019	Scenario 1	Scenario 2
Total Infrastructure Costs	\$37,200,000	\$88,799,000	\$88,799,000
Service Population (Citywide)	12,631	12,279	13,376
Single-Family Homes (per DU & psf) (1)	\$4,133	\$10.32	\$10.06
Multi-Family (per DU and psf) (1)	\$2,847	\$14.35	\$13.98
Office & R&D (psf)	\$1.15	\$3.59	\$3.50
Industrial (psf)	\$0.46	\$1.44	\$1.40
Retail (psf)	\$0.77	\$2.40	\$2.33

**Notes:**

(1) The 2019 fees are assessed on a per unit basis for residential development; proposed 2024 fees are calculated on per square foot basis.

Sources: AECOM, 2019; Willdan, 2024; BAE, 2024.

## Public Facilities

Summarized in Table 3 below, the Public Facilities category would include \$127M in proposed expenditures, representing a 95% increase from 2019. The specific capital projects listed in Table 3.5 of the Draft Study are sourced to the CIP and include major new public facilities such

as the purchase of City Hall (\$60M), a new Police Department Building (\$25M) and new community facilities in the RBD (\$10M). As with Parks and Trails, however, there are discrepancies between some of the figures listed in the Nexus Study compared to the CIP. For example, the CIP lists the costs of the City Hall purchase at \$50M rather than the \$60M listed in the Nexus Study. In other cases the descriptions of infrastructure items included in the CIP lack sufficient detail to properly establish a relationship between proposed new development and the impact fees. For example, the \$10M in proposed community facilities costs for the RBD is described only as “three major community facility improvements: recreation center, a community center at 4 Corners, and a library expansion....this project will be modified to remove the library as it is a standalone project that is being managed by the City.” In the absence of complete and consistent documentation for all public facilities cost items, it is difficult to assess the extent to which these have a clear relationship with new development, or to analyze the proportionality of maximum fees to the impact of new development.

**Table 3: Public Facilities, Maximum Supportable Fees, 2019 vs. 2024**

	2019	Scenario 1	Scenario 2
Total Infrastructure Costs	\$65,218,000	\$127,120,000	\$127,120,000
Service Population (Citywide)	12,631	12,279	13,376
Single-Family Homes (per DU & psf) (1)	\$7,248	\$8.69	\$8.47
Multi-Family (per DU and psf) (2)	\$4,993	\$12.08	\$11.78
Office & R&D (psf)	\$2.01	\$3.03	\$2.95
Industrial (psf)	\$0.81	\$1.21	\$1.18
Retail (psf)	\$1.34	\$2.02	\$1.97

Notes:

(1) The 2019 fees are assessed on a per unit basis for residential development; proposed 2024 fees are calculated on per square foot basis.

Sources: AECOM, 2019; Willdan, 2024; BAE, 2024.

## Storm Drainage

As displayed above in Table 1, the Draft Nexus Study shows storm drainage capital costs increasing by approximately 48 percent from \$54M in 2019 to \$80M in 2024. The fees are calculated based on the concept that “development generates storm water runoff that must be controlled through storm drain facilities by increasing the amount of land that is impervious to precipitation.” Sites citywide and within the RBD have variable levels of pervious vs. impervious surfaces affecting the assessment of this fee. Table 8.2 in the Draft Study shows the planned facilities in this infrastructure category along with new development’s share of the responsibility to fund the specific item, both citywide and within the RBD. These allocations range from 20 to 100 percent citywide and 0 to 100 percent within the RBD. The rationale provided for the allocations is simply that “City staff prepared an allocation of each project first to new development generally, and then allocated new development’s share of responsibility to development either in RBD or non-RBD areas.” No additional detail is provided

on the methods used for the various cost allocations or the variation in cost allocations for the same items included in the 2019 study.

## **Transportation**

Combined citywide and RBD capital projects for transportation are lower in the Draft Nexus Study compared to the 2019 study. Table 6.3 in the Draft Nexus Study lists planned transportation facilities serving the RBD totaling \$58.3M, of which \$40.6M is “allocated to new development.” By far the largest single item in the updated Nexus Study is the proposed \$25M loop road, which is not fully described and uncertain as the Study states that “the City Council will have to decide whether it will want to pursue the Loop Road project.” For the loop road and all citywide and RBD transportation projects, cost allocations range from 0 to 100% and are determined “proportionally to new development’s share of trip demand at the planning horizon identified.”

## **Water Facilities and Services**

Also displayed above in Table 1, the Draft Nexus Study shows water facilities and service infrastructure costs increasing by 13 percent from \$61M in 2019 to approximately \$69M in 2024. As with storm drainage, city staff “prepared an allocation of each project first to new development generally, and then allocated new development’s share of responsibility to development either in RBD or non-RBD areas.” No additional documentation or analysis is provided regarding this allocation methodology or variations between the 2019 and 2024 studies.

## **Conclusion**

Although the Nexus Studies have been prepared consistent with the approach and methodologies typically utilized for nexus studies in California, as described in this memo there are a variety of poorly documented assumptions and methodological issues in the Studies that should be addressed before they are finalized . Critically, the City and consultants should review the planned facilities included in the Nexus Studies against other city documents such as the CIP to ensure consistency both in terms of the total amount of the capital costs assigned to each item (for example, in the case of City Hall) and also to ensure that the description of the infrastructure item is consistent with what is being shown in the Nexus Studies. A fully documented and detailed description of the planned facilities to be funded through increased fees on new development would provide more compelling evidence of a clear relationship between new development and the updated fees in each major category,

## Memorandum

**To:** Mia Bernardino, Emerson Collective  
Kim Diamond, Harvest Properties  
Michael Kramer, Sandhill Properties

**From:** Paul Peninger, Principal  
David Shiver, Principal

**Date:** July 31, 2024

**Re:** Review of Financial Feasibility Analysis Prepared by Willdan Financial Services for Update of East Palo Alto Development Impact Fee Program

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## SUMMARY

- BAE was retained to provide a peer review of the Financial Feasibility Analysis and Nexus Study prepared by Willdan Financial Services in support of updating the City of East Palo Alto's Development Impact Fees.
- Willdan prepared a series of real estate pro formas testing the financial feasibility of applying the proposed fees on nine distinct residential and commercial development prototypes. To accomplish this, Willdan combined select existing fees<sup>1</sup> with the maximum supportable fees separately calculated in the Draft Nexus Study for the "Scenario 2" build out of 3.35 million square feet of office/research and development space in the Ravenswood Business District. These fees are in some cases lower than the maximum supportable fees calculated for the "Scenario 1" build out (for example, in the case of Parks and Trails), and thus do not reflect the maximum potential fee burden in every development scenario.
- The draft pro formas contain a number of undocumented and/or incorrect development cost, market and financing assumptions which should be addressed in an updated analysis to accurately reflect the true potential impact of the proposed fees on new development. These assumptions include, but are not limited to land costs, market rents, capitalization rates, operating costs and parking ratios.

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<sup>1</sup> These include the Quimby Act fee, Commercial Linkage Fee, and Housing Impact Fee, but not other fees and exactions currently imposed by the City on new development.

- The Draft Feasibility Analysis tends to underestimate the financial impact of the fees as a constraint on new development across all product types.
- The maximum supportable fees included in the analysis would function as an additional constraint generally on all new residential development and (in the absence of a fee waiver) on dedicated 100 percent affordable housing developments.

## INTRODUCTION

BAE Urban Economics (BAE) was retained by a group of Ravenswood property owners to prepare a peer review of the Development Impact Fee Nexus Study and Financial Feasibility Analysis recently prepared by Willdan Financial Services for the City of East Palo Alto<sup>2</sup>. These infrastructure impact fees were originally established in 2019 through a study process conducted by AECOM and are now being updated to reflect current infrastructure needs and real estate market conditions.

Willdan has prepared two versions of the Draft Nexus Study based on the development scenarios being considered for the update of the Ravenswood Business District/4 Corner Specific Plan: Scenario 1 for up to 2.82 million square feet of office/research and development space, and Scenario 2 for up to 3.35 million square feet of office/research and development space. In addition, a Draft Financial Feasibility Analysis has also been prepared to evaluate the effect of impact fees on project feasibility utilizing the maximum supportable fees as calculated for Scenarios 2.

The purpose of this memo is to provide BAE's assessment of the Draft Financial Feasibility Analysis as well as related affordable housing feasibility considerations not included in the Feasibility Analysis but relevant to the potential adoption of new impact fees on the financial feasibility of new affordable housing to serve lower-income households. BAE has also completed process a full review of the Nexus Study for conformance with industry best practices in terms of approach, methodologies, and data sources. This review is described in a separate memo.

### Review of Financial Feasibility Analysis

BAE has reviewed the Draft Financial Feasibility Analysis and identified the following key issues that should be addressed in an updated analysis and accounted for when considering the impact of new fees on the feasibility of new development:

- **Undocumented Land Value Threshold.** The Feasibility Analysis indicates that a residual land value "below \$50 per square foot (psf), or \$2.2 million per acre, indicates a low feasibility and low probability of completion for the prototype

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<sup>2</sup> These property owners include the Emmerson Collective, Harvest Properties and Sand Hill Properties.

development in question.” The report states that this threshold value is based on “historic land sales data,” however it does not provide land sales data or analysis to support and document their assumption. This lack of documentation means that the public cannot determine the reasonableness of this key assumption.

- **Land Value Threshold the Same for All Prototypes.** The Feasibility Analysis applies the same land value threshold of \$50 per square foot, or \$2.2 million per acre regardless of the density of the prototype. This is an unreasonable assumption. Basic appraisal theory holds that land value is a function of the income generation of the prototypical development; the higher the income generated, the higher the land value that can be supported. In addition to value per land square foot or acres, appraisers typically determine the value per unit or per FAR foot<sup>3</sup> to evaluate land sales comparables, ensuring that value determinations reflect the normalized income generation potential of unlike parcels. The feasibility study incorrectly assumes a fixed land value threshold to make its determinations of feasibility. The effect of this error is to underestimate the degree of infeasibility of higher density or intensity prototype developments.
- **Unrealistic Parking Assumptions.** For several prototypical developments, the Feasibility Analysis assumes unrealistic levels of surface parking. Generally, developments with a FAR over .75 will require structured parking and typically cannot accommodate surface parking in addition to other requirements such as open space. Prototypical projects R2, M1, OL1, and OL2 should not include surface parking.
- **Inconsistent Pro Forma Assumptions.** The feasibility study mixes current and historic values for certain key assumptions resulting in erroneous measurements of feasibility. Anything other than current values for assumptions would result in a highly speculative analysis and findings. Rents, capitalization rates, and interest rates should all be set to current market values with documentation of assumptions to provide transparency. Rental rate assumptions should be tied to actual rents for comparable Class A properties in the submarket area with free rent or concessions incorporated as appropriate.
- **Office and Life Science Operating Expenses.** The pro forma for the office and life science prototypical developments show no operating expenses. This is inconsistent with the vacancy assumptions; the developer will incur some operating expenses for vacant portions of the building or for periods when the building is unleased.
- **Capitalization Rates Not Reflective of Market.** In any financial feasibility analysis, the results are highly impacted by the assumed cap rate. The feasibility study assumes

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<sup>3</sup> E.g., the anticipated or entitled building square feet that comprise the permitted Floor Area Ratio (FAR).

cap rates that are “historic” but not reflective of current investor valuations. The term “historic” itself is undefined and undocumented. The latest cap rate survey published by CBRE for the second half of 2023, shows cap rates as follows: Multifamily Suburban 5.00 to 5.50 in San Jose and 4.5 to 5.5 in San Francisco; Office Suburban San Francisco 7.75 to 8.75. By using cap rates prevalent in the market two or three years ago, the feasibility study underestimates the magnitude of infeasibility of the prototypical developments.

- **Inaccurate Developer Profit.** The feasibility study’s approach to project feasibility is to calculate developer profit as a percent of development costs but it does not include land costs since it is a residual calculation. When land cost is accounted for the profit would be less than the assumed 12 percent. The 12 percent profit threshold assumption itself is also low and not reflective of current investor requirements. For the for-sale townhome prototypical development R, for example, the developer profit would more appropriately be in the range of 15 to 20 percent of total development costs.

## Affordable Housing Feasibility Considerations

Although the Willdan Feasibility analysis does not include a 100 percent affordable housing prototype, updated infrastructure impact fees would also have a potential negative effect on the feasibility of affordable housing in both affordable and mixed-income projects. The City’s adopted 6<sup>th</sup> Cycle Housing Element has identified impact fees as a potential constraint to all types of residential development, and the Analysis of Impediments to Fair Housing (AFFH) explicitly identifies impact fees as a constraint for affordable housing<sup>4</sup>. The Housing Element includes the following language with respect to the fee update process currently underway:

*The City will be reevaluating its development impact fees for residential and non-residential development in 2024 and adjusting these fees to reflect updated capital improvement projects and cost estimates. A nexus study will be conducted as well as a financial feasibility analysis. The nexus study will determine the fair share allocation for developers to fund capital improvement projects. The financial feasibility analysis will assess the impact of development impact fees and other City obligations, including inclusionary housing requirements and housing linkage fees, on the financial feasibility of future projects. (see Chapter 6, Program 9.6).*

Program 9.6 further includes evaluating the impact of development impact fees and exactions, including inclusionary housing requirements, on project feasibility with possible revisions based on the outcome of the financial feasibility analysis. Given that the City’s current development impact fees are already identified as a constraint on residential

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<sup>4</sup> [https://www.cityofepa.org/sites/default/files/fileattachments/housing/page/23793/adopted\\_2023-2031\\_east\\_palo\\_alto\\_housing\\_element\\_.pdf](https://www.cityofepa.org/sites/default/files/fileattachments/housing/page/23793/adopted_2023-2031_east_palo_alto_housing_element_.pdf)

development in East Palo Alto, increasing fee levels should also be further examined specifically as an added constraints on affordable housing choice, and/or additional policies and programs explored to ameliorate the negative feasibility impacts of increased fees on new housing availability.

## MEMORANDUM

TO: Emerson Collective

FROM: Miles Imwalle

DATE: July 31, 2024

RE: Review of Development Impact Fee Nexus Study Update

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You asked that I conduct a review of the City of East Palo Alto Development Impact Fee Nexus Study Update, Public Review Draft, dated June 14, 2024 (“Nexus Study”) to assess its compliance with applicable legal standards. The following presents a summary of my findings.

### I. Brief Review of Legal Standard

At a high level, the concept of development impact fees is that new development causes a need for new or expanded facilities, so the City can charge fees to address this “impact” so existing residents are not burdened with bearing the cost of new development. While ensuring that new development “pay its way” is understandable, it is as important that impact fees not be used as a tool to fix existing problems. That is, just as new development should not be a burden on existing residents, new development should not pay more than its fair share.

Development impact fees are governed by two complimentary legal standards found under the Mitigation Fee Act and the Takings Clause of the U.S. Constitution. The Mitigation Fee Act was drafted with the intent to mirror constitutional legal standards and requires that the City make a number of findings when adopting impact fees. These findings are reflected in the Nexus Study at the end of each category of fee and the topics include: the purpose of the fee, the specific use to which the fees will be put (e.g., facilities), the relationship between the use of the fee and the type of development on which the fees are imposed, the relationship between the need for the public facilities and the type of development, and the relationship between the fee amount and the cost of the facilities attributable to new development. The point of these findings is to establish that the fee amounts correlate to the need for new facilities caused by new development.

The Takings Clause legal standard has a long history, but one with a recent development. Up until very recently, California courts had held that “legislatively adopted” exactions, such as impact fees, were held to a “reasonable relationship” test, meaning that there is a reasonable relationship between the purpose of the fee and the impact of the development. This was in contrast to “ad hoc,” or individually assessed, exactions, which were required to have both an “essential nexus” and “rough proportionality” between the exaction and the development. In practical terms, this has meant that legislatively adopted fees faced a relatively low constitutional bar. However, earlier this year, the U.S. Supreme Court addressed the question of whether legislatively adopted exactions are exempt from the “essential nexus” and “rough

proportionality” tests and can be held to the lower “rough proportionality” standard. *Sheetz v. County of El Dorado*, 601 U.S. 267 (2024). The Court held that there is no such exemption. In short, this means that nexus studies today are held to a higher legal standard than they had been in the past, particularly in demonstrating that the fee and the impact caused by new development are “roughly proportional.”

One concept that is particularly important to understand for this Nexus Study is that new development cannot be relied on to correct existing deficiencies or to increase the level of service. Many of the facilities the Nexus Study proposes to pay for are either entirely missing or deficient. That is not to say that fees cannot be used to pay for existing problems, but the amount covered by new development is limited to the increased demand caused by development. This is codified in the Mitigation Fee Act, which provides that “[a] fee shall not include the costs attributable to existing deficiencies in public facilities, but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) refurbish existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with the general plan.” Gov. Code § 66001(g).

This concept is also confirmed by case law:

*While it is "only fair" that the public at large should not be obliged to pay for the increased burden on public facilities caused by new development, the converse is equally reasonable: the developer must not be required to shoulder the entire burden of financing public facilities for all future users. "[T]o impose the burden on one property owner to an extent beyond his [or her] own use shifts the government's burden unfairly to a private party...." (Citation omitted.) It follows that facilities fees are justified only to the extent that they are limited to the cost of increased services made necessary by virtue of the development.*

*Shapell Industries, Inc. v. Governing Board*, 1 Cal. App. 4th 218, 234-235 (1991).

## II. Analysis of Legal Issues

The following provides a summary of issues that should be addressed in a revised Nexus Study.

### A. General Issues

- The Nexus Study Appears to Require that New Development Address More than its Fair Share of Existing Deficiencies.
  - The Nexus Study acknowledges that impact fees cannot be used to address existing deficiencies. Nonetheless, a significant portion of the fees would be used to address several existing deficiencies. For example, the City has long sought a new City Hall. The same goes for the Library. Both of these facilities are City needs whether or not new development occurs, so the establishment of an “essential nexus” at all is questionable. Even if new development could be argued increases the need for such facilities, new development can only be required to pay for the increased demand it causes, i.e., it must be “roughly proportional” to the impact.

- The lack of rough proportionality is apparent by a quick look at the numbers. According to the Nexus Study, the future “service population” will be 43,257 people, which will be made up of 13,376 people from new development. That is, approximately 31% of the future service population will be from new development. However, the Nexus Study has new development paying for 39% of the cost of new public facilities, the most significant of which the City currently lacks (City Hall and Library). New development has only a minor, incremental impact on the existing need for these facilities, and it is only this increased need for these facilities that new development should be paying for. This increased need for a new City Hall or Library is much less than 39% of the cost.
- This result appears to arise from the definition of “existing deficiency.” The existing deficiency is the entirety of the City Hall or the Library. Those are both current needs of the City and building them will result in an increased level of service. New development is not causing a need for an increased level of service. However, the Nexus Study identifies the “existing deficiency” as the shortfall between what could be collected by impact fees and the cost of the facilities. The result is that new development would be paying much more than its fair share to increase the level of service to a higher level than exists today. This result is not allowed under the Mitigation Fee Act or the Takings Clause.
- It is also noteworthy that the Nexus Study has \$122 million higher capital infrastructure costs compared to the 2019 Nexus Study. The costs associated with Parks and Trails and Public Facilities saw the most dramatic increases, more than doubling in a 5 year period. This change does not appear to be a result of inflation, but rather the inclusion of additional improvements, the need for which existed in 2019 as much as it does in 2024. It is not the case that the impact of new development on the need for parks/trails and public facilities more than doubled in the last 5 years.
- Credit Must be Given for Public Facilities that are Constructed by New Development.
  - Many of the facilities that the Nexus Study identifies as being funded by impact fees are also facilities that the draft Specific Plan Update anticipates will be built by new development. For example, Table 3.5 identifies over \$37 million in new trails, sidewalks and parks in the RBD, but the draft Specific Plan suggests that these same facilities will be built by new development. To the extent that new development constructs facilities that were assumed in the Nexus Study, credit must be given. This issue arises in other sections as well, but it can be fixed with a general acknowledgement that credit will be given whenever new development constructs facilities assumed in the Nexus Study.
- Assigning Workers a Weighting Factor of 0.31 for all Facilities is Not Supported.
  - To come up with a “weighted” “service population,” the Nexus Study assigns a 0.31 “weighting factor” to workers, which is based on the assumption that workers are present 40 hours per week, which is approximately 31% of the total hours in a week (128). This approach likely greatly overestimates the impact of workers on the need for many of the new facilities.

- The impact on the need for a new library is a good example. Libraries are primarily resident serving facilities. In fact, only residents of San Mateo County may obtain a library card, so any worker who is not a resident of San Mateo County would not be able to use the library's full services. In any event, it is the rare worker that decides to use the library in his or her city of employment. The same goes for parks, which also primarily serve residents. For this reason, many cities only charge library impact fees and park impact fees on residential development.<sup>1</sup>
- Even if hours worked in the City is a proper weighting factor, assuming that every worker will physically work 40 hours per week in the new development is unrealistic. The pandemic has had a lasting impact on where people work with many employees working from the office only 2 or 3 days a week. The Bay Area Council took a quarterly "Return to Office" survey from April 2021 through May 2024 and as recently as March 2024, employers estimated that only 15% of employees were working from the office 5 days per week, with 3 days per week being the most common at 32% and 2 days the second most common at 20%.<sup>2</sup> Therefore, even if hours per week were a legitimate proxy for impact, the hours should come in line with today's reality.
- In summary, to the extent impact fees can be levied on non-residential uses to pay for primarily residential serving facilities, the Nexus Study should have additional evidence documenting the impact workers have on the need for such facilities. The number of hours in a week that a worker spends in the City is not evidence that the workers actually increase demand on the facilities; there should also be evidence that workers actually use the facility funded by the fee.
- Transportation Analysis Should be More Refined.
  - The Nexus Study proposes only five categories of transportation related fees, even though some similar, but distinct, uses have much different trip generation rates. For example, office typically has a higher trip generation rate compared to R&D, but the Nexus Study proposes a single fee for both. Because these uses have distinct impacts, separate fees should be established for the different uses. Some nearby jurisdictions recognize this distinction and have adopted fees that differentiate between these types of different uses. How close the match is between the impact of a specific type of development project and the fee imposed is what the U.S. Supreme Court was addressing in the *Sheetz* decision. With this recent precedent, there is a strong argument that levying the same fee on uses with different impacts does not meet the "rough proportionality" test.

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<sup>1</sup> As examples in nearby jurisdictions, the cities of Mountain View and Cupertino charge park fees only on residential development. The City of Burlingame exempts commercial, office and industrial uses from the library portion of its Public Facilities Impact Fee because the Council explicitly found that such developments do not have an impact on the provision of library services.

<sup>2</sup> Survey results are available here: <https://www.bayareacouncil.org/employer-survey-results/>

- Similarly, the transportation fee should be refined to account for the benefits of mixed-use projects, which data shows have lower overall trip generation rates because “internal capture” means that some trips are taken within the project. To solve for this issue, some jurisdictions also include a trip based fee. This approach results in a fee that more closely aligns with the impact. A trip generation approach also has the benefit of encouraging projects to include design features that reduce trips.
- Technical Issues with the Transportation Analysis.
  - The Nexus Study appropriately assumes that trip generation for new development is reduced by 40%, presumably based on the City’s TDM requirement. However, it appears that this same 40% reduction was applied to existing development. Table 5.2, at pg. 35. However, existing development has no TDM requirement so this reduction is inappropriate. Eliminating this reduction would appropriately allocate more of the impact to existing development.
  - The retail ITE rate should be confirmed that it is correct. The Nexus Study appears to have used the rate for shopping centers in excess of 150,000 SF, which is not the type of retail that will occur in the RBD.
  - The allocation for Loop Road suggests that 12% of the trips will start and end outside of the City and reduces the allocation accordingly. However, this is the only improvement for which this is assumed. The Nexus Study should clarify whether the other transportation improvements have the same issue, and if so, this should be accounted for throughout.
- Technical Issues with Water Capacity Analysis.
  - Table 7.1 establishes a single water demand factor of 243 gallons per 1,000 SF for Office and R&D, which was arrived at by using an average of the two. However, these uses have significantly different water demand factors. According to the East Palo Alto Water System Master Plan, R&D’s demand is 375 GPD/1,000 SF, but Office’s demand is only 110 GPD/1,000 SF. (EPA Water System Master Plan, Table 4-5.) As with the transportation analysis, in order to meet the “rough proportionality” test, where different uses have different impacts, the uses should be analyzed separately and levied different fees.
  - Table 7.4 allocates a percentage of the costs for each water improvement to new development and then between the RBD and non-RBD areas, but there is no description of how these allocations were made other than to say that “City staff prepared an allocation.” (Nexus Study, at 51.) This statement is insufficient; the Nexus Study must provide evidence supporting the allocations.
- Technical Issues with Storm Drain Facilities Analysis.
  - Table 8.1 assumes an FAR of 3.0 for Office and R&D uses, but that density is not allowed within the RBD. To the extent the storm drain analysis relies on FAR, this should be corrected to reflect the density that is actually allowed.

- The analysis does not sufficiently account for projects that redevelop existing sites that consist primarily of impervious surface. Frequently, redevelopment projects improve the stormwater runoff, particularly where the prior use had significant impervious surface (such as a parking lot), but even where that is not the case, C.3 stormwater regulations have become very stringent resulting in a significant reduction in runoff from new development. To accurately assess the impact of a project, the existing condition should be considered and where appropriate, credit should be given.
- In line with the prior comment, Table 8.2 suggests that the impervious surface in the RBD will increase from 23 acres to 106 acres. These numbers do not seem credible. The existing impervious area is based solely on the formula with limited land use categories, meaning that some land uses are not included. The fact is that a significant portion of the RBD is currently impervious and many areas will redevelop sites that are currently impervious. According to the Specific Plan, the RBD consists of 207 acres. If only 23 acres are currently impervious, that would mean that over 90% of the RBD is pervious, which does not appear to be accurate.
- Table 8.3 contains allocations for new improvements to new development generally and then allocated between the RBD and non-RBD. Similar to the water capacity analysis, this allocation was apparently done by City staff, but there is no evidence explaining how allocations were made. The Nexus Study must include evidence of how the allocations were made, particularly as many improvements appear to be addressing existing issues.
- Several storm drain improvements appear to be from the 2014 Storm Drain Master Plan, but that document states that the improvements it identifies “do not include the cost of new facilities related to new development.” SDMP, at 6-1. Therefore, SDMP identified improvements are existing deficiencies and should not be the responsibility of new development. As an example, the SDMP identified replacing the O’Connor Pump Station as a high priority capital improvement in 2014, which, per the document, was unrelated to new development. However, in the Nexus Study, City Staff allocated 50% of the cost of this project to new development, and then 50% of that to RDB development. This is not sufficient evidence documenting the allocation.

# RAVENSWOOD SHORES BUSINESS DISTRICT, LLC (RSBD)

PO Box 51862, Palo Alto CA 94303

Jeff Poetsch, President -

650-207-4994 - jeffcp@earthlink.net

**To:** Hanson Hom / City of East Palo Alto

**From :** Jeff Poetsch, President, Ravenswood Shores Business District

**Date:** July 8, 2024

**CC:** Members of the Ravenswood Shores Business District

**RE:** June 14 Draft - Development Impact Fee Nexus Study Update

Hi Hanson - Outline below are my comments on behalf of the Ravenswood Shores Business District regarding the June 14, 2024, Draft of the Development Impact Fee Nexus Study Update. I've addressed my comments to the "Scenario 2" report. I will send you a separate comment note regarding the Feasibility Analysis.

**General Comments - Big Issues** - there are a number of pretty significant issues / concerns.

1. **Missing Items** - As has been noted, as currently structured, this study neglects prospective Sanitary Sewer impact fees, and fails to note other City imposed charges such as the Affordable Housing Commercial Linkage Fee, Quimby Act costs and Housing impact In-Lieu Fee. I'm assuming this report will be amended to include a sewer connection fee.
2. **Allocation of costs to new development** - Allocations to new development and to projects in the Ravenswood Business District appear arbitrary and, in some cases, questionable. As we are all aware, the current infrastructure is deficient in many ways with or without new development. For example, each of the Emergency Water Connects reflect existing system deficiencies and should have been completed years ago. The allocation of 50% of the emergency water tanks to new development, when the existing serviced base (residents and employees) is 61% of forecast service base citywide in 2045 is inappropriate. I hope these numbers will be "revisited" and I'm happy to sit with Humza or Willdan to go over the various infrastructure master plans to better allocate costs to existing and new development.
3. **Infrastructure Costs** used in the Walldan Nexus Study are unreasonable escalated. Parks and Trails gross project costs were \$37MM in the 2019 AECOM Nexus Study and only 31% was reasonably allocated to new development. The Willdan Study identifies \$89MM of gross project costs related to Parks and Trails and in this case allocates 68% of these costs to new development. The same imbalance is reflected in the other fee categories. Are these all costs that come from City approved Capital Improvement Plans?
4. **Comparison to other communities seems incomplete.** - The chart that was provided in the presentation to the Developer Group and then later at the City Council meeting comparing the proposed maximum impact fees was admittedly incomplete. I'm hoping this can be improved upon as this will go along way to demonstrate the reasonableness of these fees on way or the other.
5. **Loop Road needs to be eliminated from the analysis.** There are many reasons why the loop road is not feasible even if it were desirable. This road is proposed along and adjacent to a significant wetland. Obtaining ACOE and USFWL approvals will be next to impossible. The right-of-way for this road includes San Mateo County Transportation Agency and San Francisco Public Utilities Commission both of whom have opposed access agreements with Bay Trail proponents. Finally, the "carried" estimated cost of \$25MM is probably off by a factor of 10. Given that gross impact fees are already excessive, eliminating this infeasible project is appropriate. Hopefully, this adjustment can be made.

6. Consistency between the 2019 AECOM Nexus Study and 2024 Willdan Nexus Study - I'm disappointed that there wasn't more consistency and continuity between the AECOM 2019 Nexus Study and the Willdan 2024 Study. It is critical that Willdan identifies the differences between the 2019 and 2024 report and explains the justification and validity of these changes. As noted above, the Willdan Study proposes that "new develop" pay a share of existing parks, trails, and public facilities. The 2019 report does not include these existing community facilities.
7. Comparison of the Maximum Impact fees proposed in the 2019 AECOM report and the 2024 Willdan report is essential to understanding this report and the context of impact fees on potential future development.

### **Specific Draft Report Comments**

#### **Page 4 – Executive Summary**

The introductory paragraph states "... the City's intent that developers pay the full cost of public and infrastructure improvements necessitated by their development". I do not believe this is not an accurate statement. To the best of my knowledge the City's intent is that developers pay the "fair share" cost. Secondly, as noted in other areas of the report, the Nexus Study identifies the "maximum" impact fees that can be charged. The City may elect not to charge the maximum fees in order to encourage economic development. You need to make this crystal clear.

As noted above, given the current status of the reorganization of the EPASD as a subsidiary district of the City of East Palo Alto, this topic should be included as a "fee category". I would suggest as well that for the Ravenswood Business District, it is appropriate to identify as an impact fee the proposed allocated costs of the Updated Four Corners / Ravenswood Specific Plan costs.

#### **Page 7 - Table E-1**

The "units" (per sq. ft. / per Dwelling Unit) is incorrect for the RBD elements.

The referenced footnotes need to be tied to a specific impact fee - Only footnote 4 is tied.

#### **Page 8 - Table E2 - There is double counting of Storm Drainage cost in the "Total" column.**

#### **Page 9 - Table E2 - Table heading should be E3, and references adjusted.**

#### **Page 10 - Table 2.3 identifies "Persons per 1,000 KSF". Should be Persons per 1,000 SF or Persons per KSF**

#### **Page 20 – The "weighting factor" for workers is calculated as 40 hours / 128 hours where the 128 is the non-work hours in the week. Is this an "industry standard"? Not sure why it shouldn't be 40 hours / 168 hours since the workers are only benefiting from the parks and trails while in East Palo Alto.**

#### **Page 23 - I don't understand why "new development" is expected to pay for existing Parks & Trail Facilities as well as Planned Facilities - In the 2019 Nexus Study, it was only Planned Facilities that were allocated to as costs that needed to be considered in the impact fee calculation.**

#### **Page 28 - As noted above, I question if it is appropriate to allocate a "buy in" for exiting park, trails, and public facilities inventory. Certainly, for existing public facilities inventory this should be considered at "depreciated" asset value rather than replacement costs.**

#### **Page 34 - I'm confused why there is a "Chapter 5" and then as well a "Chapter 6" which is ostensibly related only to the RBD but includes many costs of traffic planned facilities outside of the RBD and I would think would be subject to some allocation of cost between the new development Citywide.**

#### **Page 52 - Table 7.4 - As noted above I question the validity of the allocations new development and to the RBD. Also, I question the need for a 2<sup>nd</sup> Groundwater Well (Item W-04). This was initially contemplated prior to the SFPUC water allocations from Mountain View and Palo Alto.**

#### **Page 58 - I'm not clear on why we use "water meter size" to determine the "impact fee" and not sure why it is so much lower for the RBD.**

Page 62 - Table 8.3. - Again, the allocation is arbitrary at best. Several items are not related to “new development” at all - These would include SD11 – the Illinois Purdue pipe which services only the University Garden neighborhood. This is then double counted with the Purdue and Illinois item at the bottom of the page. Not sure how the Bay Road Pump Station and the Runnymede Pump Station are 100% allocated to new development given the existing areas these projects serve.

DRAFT

# RAVENSWOOD SHORES BUSINESS DISTRICT, LLC (RSBD)

PO Box 51862, Palo Alto CA 94303

Jeff Poetsch, President -

650-207-4994 - jeffcp@earthlink.net

**To:** Hanson Hom / City of East Palo Alto

**From :** Jeff Poetsch, President, Ravenswood Shores Business District

**Date:** December 20, 2024

**CC:** Members of the Ravenswood Shores Business District

**RE:** Public Review Draft Development Impact Fee Nexus Study Update: November 18, 2024

Hi Hanson - Outline below are my comments and recommendations on behalf of the Ravenswood Shores Business District regarding the November 18, 2024, Draft of the Development Impact Fee Nexus Study Update. Some of this is a recap of my July 5, 2024, comments regarding that draft as my concerns remain outstanding.

## **Summary of Recommendations.**

1. RBD Transportation Facilities - Those improvements allocated 100% to new development should be reallocated to 77.9% attributable to new development.
2. Water Capacity - WS-03A and WS-05 which have 20% allocation to Non-RBD Development and 80% to RBS, should be reallocated to 34% attributed to Non-RBD Development
3. Storm Drainage - Bell Street, Euclid to Bell, Sage to Larkspur and Weeks to Pulgas storm drainage costs should be reduced from 82% allocated to new development to 19%. Additionally, the Non-RBD allocation should be adjusted from 0% to 100%.
4. Duplication of Storm Water Improvement Costs - Need to confirm there is not duplication of costs for either the storm drainage improvement costs proposed on Weeks or the storm drainage improvement costs proposed on Illinois.
5. Appropriate Allocation of Storm Drainage Cost in University Village - A reallocation should be undertaken that provides for only a 19% allocation to New Development for SD-11 Illinois-Purdue Pipe, SD-13 Purdue Bay Pipe, Purdue and Illinois and proportional reallocation of the Runnymede Pump Station costs based on storm water flow all of which serve the existing deficiencies in University Village

## **General Comments -**

1. Missing Items - As noted earlier, as currently structured, this study neglects prospective Sanitary Sewer impact fees, and fails to note other City imposed charges such as the Affordable Housing Commercial Linkage Fee, Quimby Act costs and Housing impact In-Lieu Fee. I'm not exactly sure how the report is planned to be amended to include a sewer connection fee, but this consideration is pretty important.
2. Allocation of costs to new development - Generally, the allocations to new development and to projects in the Ravenswood Business District seem better explained but there still appear to be a few instances where the allocations the methodology of the allocations are not explained. For example:
  - a. RBD Transportation Facilities – Table 6.3 notes allocation factors of 0.00% 6.25%, 8.22%, 63.31% and 100.00%. It's not clear how these allocations were determined. It seems unreasonable that 100.0% of planned improvement costs for items like University Avenue & Donohoe Steet (Project 11) would be allocated to RBD new development. It

would seem that all of these 100.0% costs should be allocated at a maximum at the 77.9% allocation as identified in Table 6.2.

- b. Water Capacity - Table 7.4 notes allocation of costs in items WS-031 and WS-05 to have 20% allocation to Non-RBD Development and 80% to RBS. It is not clear how this allocation was determined, and it would seem a 34% allocation is more supported by the Study. .
  - c. Storm Drainage Facilities - Table 8.3 notes allocation of cost for several items including Bell Street, Euclid to Bell, Sage to Larkspur and Weeks to Pulgas at an 82% factor. Further complicating the allocation of costs here is that 100% of the cost allocated to new development is identified as a RBD cost, although none of these streets are within the RBD. It would seem appropriate that these costs be reallocate to these line items to 19% of new development and 100% to Non-RBD allocation.
3. Duplication of Cost Items - I'm concerned that there is double counting of several items in the details of Storm Drainage Costs
- a. Weeks Street - Table 8.3 identifies 4 separate Weeks Street items. These include SD-07 - Weeks Street Storm Drain (\$285,000), Harvest Weeks Pipe (\$1,400,000) Weeks End (\$377,000) and Weeks to Pulgas (585,000). Are these all separate pipe sections?
  - b. Illinois, Purdue, Bay - Table 8.3 identifies 3 separate University Village sections from Illinois to Bay. These include SD-11 - Illinois- Purdue Pipe (\$2,100,000), SD-13 Purdue – Bay Pipe (\$3,100,000) and Purdue and Illinois (\$3,224,000). Are these all separate pipe sections?
4. Allocation of University Village Storm Drainage Deficiencies - The University Village storm drainage system outflows into the Ravenswood Open Space Preserve lines exiting on Purdue, Stephens and Illinois. This system is deficient in numerus ways and the updated Storm Drainage Master Plan as provided in the updated Specific Plan provides for a “collection” of the storm water into piping running along Illinois to Bay. This has been allocated as a cost to be offset by Impact Fees to new development, when in fact, this should be a cost of existing conditions. A reallocation should be undertaken that provides for only a 19% allocation for SD-11 Illinois-Purdue Pipe, SD-13 Purdue Bay Pipe, Purdue and Illinois and proportional reallocation of the Runnymede Pump Station costs based on storm water flow.
5. Loop Road needs to be eliminated from the analysis. The report still includes several refences to the loop road, and the need for a City Council decision on this item. Given the City Council has opined to eliminate the loop road from the Specific Plan Update, the report should eliminate refences to this item. Specifically, there are refences on Page 46 of the report as well as in Table 6.3 - Project Item #7.

### **Specific Report Comments**

Page 6 – Executive Summary

The introductory paragraph states “... the City’s intent that developers pay the full cost of public and infrastructure improvements necessitated by their development”. I do not believe it is clear that in fact; the Nexus Study identifies the “maximum” impact fees that can be charged. The City may elect not to charge the maximum fees in order to encourage economic development. I believe the report would be stronger, particularly in the context of the new City Council members, if this were made crystal clear.

The EPASD has been reorganize as a subsidiary district of the City of East Palo Alto, and I suggest this topic is at least noted in the Nexus Study.

Page 7 - Table E-1 it just labeled “E-1”. It should be noted as “Table E-!”

The referenced footnotes need to be tied to a specific impact fee - Only footnote 4 is tied.

Page 9 - Table E2 - Table heading should be Table E3, and references adjusted.

Page 34 - I’m still confused why there is a “Chapter 5” and then as well a “Chapter 6” which is ostensibly related only to the RBD but includes many costs of traffic planned facilities outside of the RBD

and I would think would be subject to some allocation of cost between the new development Citywide.

Page 58 - I'm not clear on why we use "water meter size" to determine the "impact fee".

## MEMORANDUM

TO: Emerson Collective

FROM: Miles Imwalle

DATE: December 19, 2024

RE: Review of Development Impact Fee Nexus Study Update

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This memorandum provides a brief analysis of a few issues identified in the updated East Palo Alto Development Impact Fee Nexus Study Update, Public Review Draft, dated November 18, 2024 (“Updated Nexus Study”).

As an initial matter, Willdan made a number of changes that were suggested in the prior memo and as a result, the Updated Nexus Study is getting closer to identifying the maximum fees that can be charged. While a number of concerns remain outstanding, particularly the overall burden that new development is being asked to shoulder for existing deficiencies, this memorandum focuses on two issues:

- University Avenue Grand Corridor Project is Not Related to New Development: The \$4 million increase in the cost of this project was notable, so I reviewed the project more closely. Upon closer review, this project does not appear to be an appropriate subject for impact fees. The FY 2024-2025 Ten Year Capital Improvement Program Update describes the project as:

*The General Plan envisions University Ave. being transformed from a cut-through corridor into a mixed use boulevard with high-density housing, neighborhood-serving businesses and offices. This includes multimodal and complete streets improvements along University Avenue.*

This appears to be referencing the following description in the Transportation Element of the General Plan:

*It should also be noted that while University Avenue is currently predominantly used by regional traffic, it is also the main local transportation spine of East Palo Alto. As such, it represents a prime candidate for potential redesign to improve its local function as a community focal point and gathering place. Potential redesigns for the roadway could include buffered and painted bicycle lanes, streetscape improvements such as benches and pedestrian scale lighting, and mid-block crossings.*

Transportation Policy 2.2 then addresses this issue by calling for a redesign of University Avenue so that it becomes more of a multi-modal corridor that focuses on the local

function of a “community centerpiece.” That is, the intent of the University Avenue Grand Corridor project is to change the function of the street from a cut-through corridor to a local gathering place. While these may be laudable goals and an important vision for the future of the City, they are not improvements meant to address impacts of new development, so should not be paid for by an impact fee.

- Runnymede Pump Station: The nearly doubling in cost of the Runnymede Pump Station from \$10 million to \$19.5 million was also notable, particularly as the cost of this single facility is the same as all other facilities combined and 100% of it is allocated to the RBD. While this significant increase is supported by the latest CIP, I did not find an explanation for the change in cost. A closer review of this improvement revealed two issues: (1) the Runnymede Pump Station benefits the City beyond the RBD, so this cost should not be borne 100% by the RBD, and (2) the Utility Impact Study that is the basis for identifying the need for various improvements finds that if the Runnymede Pump Station is built, other CIPs will not be needed (or unlikely will be needed), yet the Updated Nexus Study assumes all such CIPs will be built.
  - Runnymede has Citywide benefits: Figure A-24 to the Utility Impact Study shows changes in flooding throughout the City as a result of near-term development, which shows impacts beyond the RBD. Figures A-36 and A-37 show the flooding resulting from near-term development after Runnymede is built and it shows significant improvements throughout the City, including beyond the RBD boundaries. However, the Updated Nexus Study allocates 100% of the cost to the RBD. Given that most of the City will benefit from Runnymede, including existing development, new development in the RBD should not carry 100% of the cost.
  - Not All CIPs Are Needed with Runnymede: The Utility Impact Study is clear that if the Runnymede Pump Station is completed, then other CIPs will not be needed. See Utility Impact Study, at 6-4 to 6-5. For that reason, the Utility Impact Study assumed that several of the CIPs would not be required and came up with a much lower total cost (\$22.8 million in the Utility Impact Study vs. \$39 million in the Updated Nexus Study). The Updated Nexus Study appears to assume that all CIPs will be built, including ones that would not be needed if Runnymede is built. According to the Utility Impact Study, this scenario is unlikely to occur. Several of the CIPs should be removed, as appropriate, which would bring down the total cost.



2600 El Camino Real, Suite 410 | Palo Alto, California 94306  
2041 Euclid Avenue | East Palo Alto, California 94303

December 20, 2024

Hanson Hom  
Deputy Manager, Special Projects  
City of East Palo Alto  
2415 University Ave.  
East Palo Alto, CA 94303

*Via Electronic Mail*

RE: Draft Nexus Study and Draft Financial Feasibility Analysis

Dear Hanson:

We write today with additional comments on the Development Impact Fee Nexus Study Updates and the Financial Feasibility Analysis. Thank you for updating the Nexus Study and the Financial Feasibility Analysis since our comments in July. As expected, the updated reports show even less feasibility than the original drafts. The updated reports still omit a number of important—and expensive—costs from the analysis, including school fees and sanitary district fees. If these were included, there would be even greater infeasibility.

We urge the City to reconsider any new impact fees and not increase the fee levels for any development. Indeed, we believe that fee levels should come down. Your own analysis shows that new development is infeasible, and the City should not be increasing the governmental constraints to development, especially to residential development.

We note that the City recently adopted its Housing Element, which was required by state law to analyze governmental and nongovernmental constraints to housing. The Housing Element anticipated the completion of the impact fee nexus study and feasibility analysis. It further anticipated that the inclusionary housing ordinance would be amended in response to the feasibility analysis to “reduce the barriers to housing production and achieve the City’s RHNA...” see. Chapter 6 p. 19. Given the clear findings that all residential development is infeasible with existing fee levels, we look forward to amendments to the inclusionary housing ordinance to reduce governmental constraints to housing. We hope you will comply with the Housing Element, which anticipated such amendments “within six months” so as not to slow housing production.

In the meantime, we reiterate the following comments and refer you to our July 31, 2024 letter, which included technical appendices prepared as a peer review of the Wildan work. Not all of those comments or feedback have been incorporated into the updated documents.

1. Reconsider capital infrastructure projects. The capital infrastructure costs have gone up significantly in this nexus study, relative to the City’s prior nexus study. The new additions include significant new expenditures for parks and trails, purchase of a City Hall, a new Police

Department Building, and new community facilities in the RBD. These all represent areas in which there are significant existing deficiencies in service within the City. The Mitigation Fee Act prohibits a local agency from charging new residents the costs attributable to existing deficiencies. Cal. Gov't Code § 66001(g). The City's need for updates to its parks, a new City Hall, a new Police Station, and other community facilities exist whether or not there is any new development in the RBD. It is therefore inappropriate to include these existing deficiencies in the impact fee calculations.

The Mitigation Fee Act also requires there to be a reasonable relationship between the need for the public facility and the development project. *Id.* at 66001(a)(4). There is no relationship between new development in the RBD and the City's desire for a City Hall and a new Police Station. These goals exist whether or not there is any new development in the RBD and whether or not the new Specific Plan is adopted. It is also worth noting that the City functions without these capital improvement projects, and it is not clear that there is a need for such expensive new improvements.

We request that the list of parks and trails expenditures and public facilities expenditures be revised to remove the projects that reflect existing deficiencies and those that are unrelated to the new development, including new City Hall, new Police Station, and updates to existing parks.

2. Recalculate new development's share of capital projects. The nexus study also overestimates the share of the capital improvement costs attributable to new development. Because many of the capital projects reflect existing deficiencies, they should be overwhelmingly funded by non-impact fee revenues. In other words, new development should not be asked to shoulder such a large share of the cost of those projects. We request that the proportion of those projects attributable to new development be significantly reduced to eliminate the need for new development to pay to remedy existing deficiencies.
3. Update the feasibility study with all relevant expenses. The feasibility study overstates feasibility by omitting many significant expenses. The study should include the cost of TDM/TMA, sanitary sewer connection fees, and school fees. And, to align with the overall development envelope studied in the nexus studies, the costs of exemplary community benefits should also be included as they are required by the draft Specific Plan in order to reach that development envelope.

Thank you for reviewing these technical documents. We appreciate your work to ensure that you have accurate, complete information when you make your decisions about impact fees.

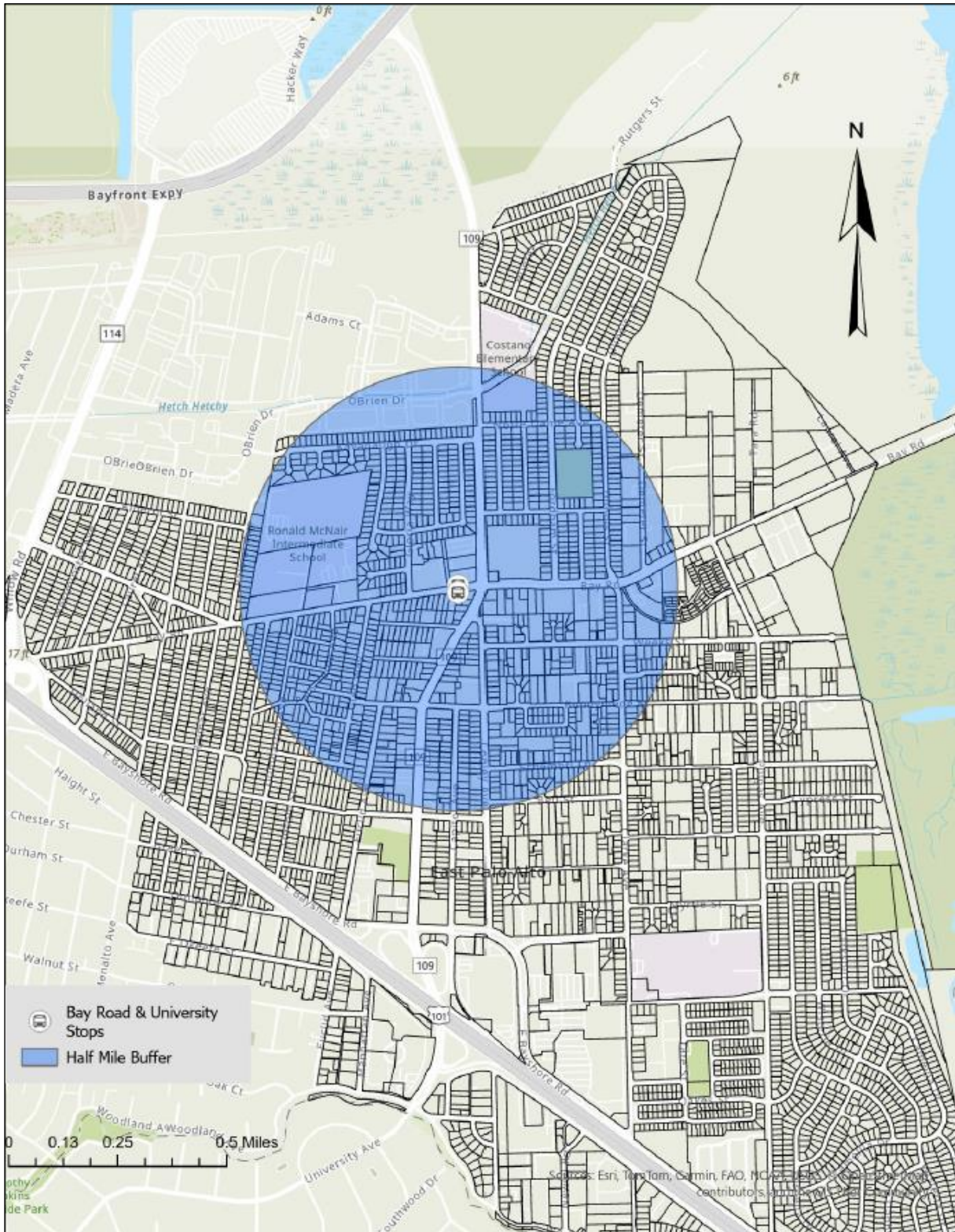
Sincerely,



Michael Kramer

# ATTACHMENT 7

## University Avenue / Bay Road 1/2-mile Radius Ma





# **EAST PALO ALTO CITY COUNCIL STAFF REPORT**

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**DATE:** March 4, 2025

**TO:** Honorable Mayor and Members of the City Council

**VIA:** Melvin E. Gaines, City Manager

**BY:** Batool Zaro, Senior Engineer  
Humza Javed, Public Works Director

**SUBJECT:** East Palo Alto Library Project Update

---

## **Recommendation**

Adopt a resolution:

1. Approving the updated concept design and space programming for the new East Palo Alto Library;
2. Approving the 1 parking space per 400 square-foot floor area ratio; and
3. Finding that the proposed City Council action:
  - a. is consistent with an existing Specific Plan (Ravenswood Business District Specific Plan);
  - b. constitutes a subsequent action related to the Library Site which is adequately covered in an adopted Mitigated Negative Declaration (MND), certified by the City Council on March 21, 2023 (Resolution No. 2023-26);
  - c. is not a separate “project” for California Environmental Quality Act (CEQA) purposes but is a subsequent approval related to a previously approved project (CEQA Guidelines § 15378(c));
  - d. does not require further environmental review for the reasons set forth in CEQA Guideline Sections 15162; and
  - e. Requires no further analysis or environmental documentation; and
  - f. Constitutes merely a step in furtherance of the original project for which environmental review was performed and no supplemental or subsequent CEQA has been triggered, and no further environmental review is required.

## **Alignment with City Council Strategic Plan**



## **POLICY AND ACTION 9.1**

This recommendation is primarily aligned with:

Enhance Community Services and Parks for Residents

### **Background**

The East Palo Alto Library has served the community for over 100 years, providing an essential educational and cultural space. It is a vital learning center and safe-haven open to all seven days a week.

The City of East Palo Alto participates in the San Mateo County Library Joint Powers Authority (JPA), which was established in 1999. The JPA manages library operations, while member agencies maintain library buildings and fund capital improvements. Most member agencies own the library buildings in their jurisdiction.

The current 7,680-square-foot library at 2415 University Avenue struggles to meet the community's needs due to heavy use, and outdated interior spaces.

In FY 2017-18, the City, County of San Mateo County, and Library JPA conducted a Library Needs Assessment, which identified major service barriers, including insufficient space for collections, seating, and designated study and youth areas. The assessment recommended expanding the facility to 22,000 to 27,000 square feet. The City, County, JPA and other stakeholders accepted the findings and began exploring the possibility of relocating the library to a site next to the EPACenter Arts Building on Pulgas Avenue.

In 2018, the JPA worked with wHY Architects to assess site feasibility, develop a conceptual design, and estimate costs for a new library at the Pulgas location. The project goals included building a new library facility designed to connect innovative collections, technology, staff, services, and programs to the East Palo Alto community.

Engaging the community and stakeholders, wHY Architects created a two-level, 23,878 square foot library plan that prioritizes modern collections, technology, and community programming.

### **Analysis**

To complete the new EPA Library design, City staff prepared and advertised a design services request for proposals (RFP). At the March 5<sup>th</sup>, 2024, meeting, the City Council awarded Noll & Tam Architects a design services contract to advance the project.

### **Public Outreach**

The City, JPA, and Noll & Tam launched the East Palo Alto Library design project in May 2024 and began outreach in the summer. As part of effort, the outreach team conducted seven interviews with community leaders were conducted, held two focus groups (one in English and one in Spanish), and hosted an open community meeting. Following the community meeting, the team launched an online survey to collect additional feedback to help refine the design. See Attachment 2 for the full Community Engagement Report.



## POLICY AND ACTION 9.1

### Conceptual Design Refinement

Based on community input, the design team developed an updated conceptual design, expanding on the original wHY Architects concept plan to better meet community needs. The conceptual design refinement phase included:

- **City Council Ad-Hoc Committee Meetings** - two City Council members comprised the Committee and were advised by City and JPA staff and the project architect team. Collectively, they discussed key issues such as site parking, floor plans and community priorities
- **Library & City Staff Engagement Workshops** - Staff workshops provided input on library operations and space layout.

### Conceptual Design Layout

The new East Palo Alto Library will feature open, contemporary spaces with natural light, flexible seating options, and indoor-outdoor connections. Highlights include:

- A welcoming, open floor plan lobby with a double height atrium
- Meeting rooms of various sizes
- Special program rooms
- A large assembly space.
- Design elements that promote creativity, learning, and community engagement

The updated concept design will allow the library to go beyond a traditional reading space, offering areas for hands-on activities, classes, technology exploration, and nature appreciation. Design details will also address diverse user needs and create memorable spaces for all ages.

The landscape design will create an inviting, nature-focused, outdoor space with drought-tolerant plants, comfortable seating, and interactive elements. This environmentally sustainable public space will strengthen community bonds position the library as a vibrant public hub.

See Attachment 3 for the refined conceptual schematic design. Based on the refined conceptual schematic design, the estimated construction cost is \$32.5 million with an additional \$11.3 million in soft costs, totaling \$43.8 million. As will be explained further in the live presentation, this increase from \$33.1 million quoted in 2019 is primarily due to two factors: significant construction inflation and a concept design prepared by another architect in 2019.

### Parking Ratios

Under the City's Ravenswood Business District Specific Plan (RBDSP), the library site was rezoned as 'Public and Institutional' (PI), allowing the Planning Director to determine an appropriate parking ratio.

To inform the parking lot design, Noll & Tam conducted a parking analysis (Attachment 4), reviewing library visitor data and the building capacity for visitors. Using the same 1 parking space per 400 square feet of floor area ratio applied to the neighboring EPACENTER project, 37 parking spaces would be required.



## **POLICY AND ACTION 9.1**

Rather than applying the ratio to the entire building, the calculation used for EPACENTER excludes "Ancillary Spaces" (staff areas, storage, restrooms) and only applies to "Occupied Spaces" that building visitors use. The gross building area of the EPACENTER is approximately 24,000 square feet; however, only 12,000 square feet are subject to the parking requirement. Their required parking spaces, using a 1 to 400 square foot parking ratio per the RBDSP, is 30 parking spaces. As with the EPACENTER's approval process in 2017, where staff collaborated to meet parking requirements, a similar approach will be used for the library.

City staff recommends that the City Council adopt the 1 parking space per 400 square feet of floor area ratio of "Occupied Spaces" to be consistent with EPACENTER and prevent significant design changes. This would result in a requirement for 37 parking spaces.

### **Next Steps**

- Preparation of 30% design package
- Presentation of the 30% design package to City Council
- Finalization of the design package

The project webpage, with additional information on the project timeline, can be found here:

<https://www.epalibrary.org/>

### **Fiscal Impact**

There is no fiscal impact for this item.

### **Public Notice**

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

### **Environmental**

The proposed City Council action, including without limitation, adoption of a resolution to approve conceptual design for space programming and parking consistent with the Specific Plan (Ravenswood Business District Specific Plan). The City's acquisition of and subsequent actions related to the Library Site are adequately covered in an adopted Mitigated Negative Declaration (MND), certified by the City Council on March 21, 2023 (Resolution No. 2023-26). The proposed City Council action is not a separate "project" for CEQA purposes but is a subsequent approval related to a previously approved project (CEQA Guidelines § 15378(c)). Additionally, pursuant to CEQA Guideline Sections 15162, and based on the review of the entire record, including without limitation, the MND, the City Council finds that the proposed action does not require further environmental review as: 1) no substantial changes are proposed to the project and no substantial changes have occurred that require major revisions to the MND due to the



## **POLICY AND ACTION 9.1**

involvement of new significant environmental effects or an increase in severity of previously identified significant effects; and 2) no new information of substantial importance has come to light that (a) shows the project will have one or more significant effects not discussed in the MND, (b) identifies significant impacts would not be more severe than those analyzed in the MND, (c) shows that mitigation measures or alternatives are now feasible that were identified as infeasible and those mitigation measures or alternatives would reduce significant impacts, and (d) no changes to mitigation measures or alternatives have been identified or are required. Pursuant to CEQA Guidelines §15162(b), the City Council finds and recommends that no further analysis or environmental documentation is necessary. Accordingly, the proposed City Council action is merely a step-in furtherance of the original project for which environmental review was performed and no supplemental or subsequent CEQA has been triggered, and no further environmental review is required.

### **Government Code § 84308**

**Applicability of Levine Act:** No, as the proposed action does not involve an entitlement.

**Analysis of Levine Act Compliance:** Not applicable.

### **Attachments**

1. Resolution
2. Community Engagement Report
3. Conceptual Design exhibit
4. Parking Analysis

**RESOLUTION NO. XX – 2025**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF EAST PALO ALTO**

**APPROVING THE UPDATED CONCEPT DESIGN AND SPACE PROGRAMMING FOR THE NEW  
EAST PALO ALTO LIBRARY; AND APPROVING THE 1 PARKING SPACE PER 400 SQUARE-  
FEET PARKING RATIO**

**WHEREAS**, the current library operates out of the County-owned facility located at 2415 University Avenue; and

**WHEREAS**, the existing facility is heavily used, and the existing space needs significant interior improvements; and

**WHEREAS**, The City of East Palo Alto, County of San Mateo County, and San Mateo County Library Joint Powers Authority (Library JPA) conducted a Library Needs Assessment in FY 2017-18, and the findings suggested that the existing facility presented significant barriers to the effective delivery of library services; and

**WHEREAS**, wHY Architects, an architectural design firm, was retained in 2018 by the Library JPA to explore the feasibility of the site and to develop a conceptual design and budget estimate; and

**WHEREAS**, on March 5, 2024, City Council authorized the execution of a design and bid support contract with Noll & Tam Architects for the completion of the new East Palo Alto Library Project; and

**WHEREAS**, the project's community outreach began Summer 2024, and a Community Engagement Report was developed; and

**WHEREAS**, as part of the concept design refinement phase, a City Council ad-hoc committee was formed and multiple committee meetings took place; and

**WHEREAS**, concurrently, a parking analysis was performed to inform the parking lot design and a 1 to 400 square foot parking ratio is recommended; and

**WHEREAS**, staff is seeking approval of the updated concept design and space programming, along with a 1 parking space per 400 square feet ratio.

**NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:**

1. Finds the foregoing recitals are true and correct, and are incorporated by this reference into this action;
2. Approving the updated concept design and space programming for the new East Palo Alto Library, attached hereto as **Exhibit A**;

3. Approving the 1 to 400 square-foot parking ratio, based on the Parking Study, which is attached hereto as **Exhibit B**; and
4. The proposed City Council action, including without limitation, is a resolution to approve conceptual design for space programming and a parking ratio which is consistent with an existing Specific Plan (Ravenswood Business District Specific Plan). The City’s acquisition of and subsequent actions related to the Library Site which is adequately covered in an adopted Mitigated Negative Declaration (MND), certified by the City Council on March 21, 2023 (Resolution No. 2023-26). The proposed City Council action is not a separate “project” for CEQA purposes but is a subsequent approval related to a previously approved project (CEQA Guidelines § 15378(c)). Additionally, pursuant to CEQA Guideline Sections 15162, and based on the review of the entire record, including without limitation, the MND, the City Council finds that the proposed action does not require further environmental review as: 1) no substantial changes are proposed to the project and no substantial changes have occurred that require major revisions to the MND due to the involvement of new significant environmental effects or an increase in severity of previously identified significant effects; and 2) no new information of substantial importance has come to light that (a) shows the project will have one or more significant effects not discussed in the MND, (b) identifies significant impacts would not be more severe than those analyzed in the MND, (c) shows that mitigation measures or alternatives are now feasible that were identified as infeasible and those mitigation measures or alternatives would reduce significant impacts, and (d) no changes to mitigation measures or alternatives have been identified or are required. Pursuant to CEQA Guidelines §15162(b), the City Council finds and recommends that no further analysis or environmental documentation is necessary. Accordingly, the proposed City Council action is merely a step-in furtherance of the original project for which environmental review was performed and no supplemental or subsequent CEQA has been triggered, and no further environmental review is required.

**PASSED AND ADOPTED** this 4<sup>th</sup> day of March 2025, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

---

Martha Barragan, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

---

James Colin, City Clerk

---

John D. Lê, City Attorney



248

February 19, 2025

**RE: New EPA Library – Visitor Attendance and Parking Estimates**

**Background**

The current East Palo Alto Library offers a variety of programs, workshops and events for children, teens and adults on a regular basis. The Library services occur 7 days a week over many hours of the day suggesting people come and go over the course of the day rather than peak at a hard start and stop time. Regular hours are 10:00am – 8:00pm during weekdays and 10:00am – 5:00pm on the weekends. Based on recent visitor count data from 2023-2024, the busiest days and times are Tuesdays – Fridays from 3:00pm – 5:00pm. This coincides with the “Free Meals at the Library” times which are often followed by other library events such as “Game Time” and “Creative Corner” which end by 4:30pm.

<b>Daily Visitor Count (FY 2023-24)</b>								
<b>Library</b>	<b>Sq. Ft.</b>	<b>Sunday</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>
<b>East Palo Alto</b>	7,680	94	246	250	286	278	199	116
Open Hours		10am – 5pm	10am – 8pm	10am – 8pm	10am – 8pm	10am – 8pm	10am – 8pm	10am – 5pm
Busiest Days and Times				3pm – 5pm	11am – 5pm	3pm – 6pm	3pm – 5pm	

**Considerations to reduce parking demand:**

Important information for considering the impact of these events and daily uses from a transportation and parking perspective is the following:

- A select number of short-term parking spaces can be used to increase turnover, allowing more cars to park over the course of the day. The design team shall consult with the City on an appropriate number of time-limited parking, ranging from five (5) minutes to thirty (30) minutes. In our experience, many libraries have designated at least one (1) space as a 20-minute parking spot for quick book returns and picking up holds
- There are two nearby SamTrans bus stops by the new Library site - Bay Rd. & Pulgas Ave. is approximately 350 feet away and Pulgas Ave. & Weeks St. is about 530 feet away. Both stops are served by Sam Trans routes 296, 280, and the “School Oriented Route” 81. Route 296 has buses running every 15 minutes along major East Palo roads that connect schools, Caltrain Transit Stations and the SamTrans EPX (express) bus. Route 280 operates at 60-minute intervals, connecting to Palo Alto Transit Center along University Ave. Route 81 is a school-oriented route that intentionally ties to Menlo-Atherton Highschool’s bell schedule so students may consider riding it to get to and from school. Currently, SamTrans offers discounted fares for passengers 18 and younger or seniors 65 and over. Youth can get Clipper cards free with an application. In partnership with the San Mateo County Office of Education, SamTrans provides free bus fares for Socioeconomically Disadvantaged students. We also hope the City’s 2030 CAP goal to expand the free public transit Clipper Card pilot program will encourage more people to take the bus.
- Per CalGreen requirements, the new Library will provide permanently anchored bicycle racks by the main entrance, readily visible to passers-by, for at least 5% percent of motorized vehicle parking capacity. Based on

current parking count estimate, the project is required to have three (3) bike parking spaces – the design anticipates exceeding this amount. This aligns with the City’s 2030 CAP goal to build a comprehensive and well-used bicycle network that comfortably accommodates bicyclists of all ages and skill levels.

- The East Palo Alto Senior Center provides weekly shuttle services which helps reduce the parking demand for multiple adults who might otherwise arrive individually. This existing program aligns with the City’s 2030 CAP plan which aspires to work with partners to apply for grant funding from C/CAG and work with the County Transportation Authority to fund local shuttles while expanding the City’s transit network coverage.

### **Project Approach**

The project site is located within the “4 Corners Gateway” in the Ravenswood Business District (RBD) Specific Plan which required a minimum parking of 1 parking space per 400 square feet of floor area (1:400) for “all other non-residential uses”. To allow for future library development, the General Plan and Zoning Amendments of the site were changed from its current designation and zoning to Public Institutional (PI). Based on the RBD Specific Plan Update, the zoning designation of the new Library site “PI” does not have off-street parking standards for library use. RBD Specific Plan Table 8-3, which states for “All Other Uses” allows off-street parking “as determined by the Director” would give the City the discretion to set a rate for the new Library.

The City of San Mateo and Foster City apply the 1:400 parking ratio specifically for libraries, art galleries and museums. The neighboring site of EPACenter at 1950 Bay Road within the Bay Road Central zone uses the 1:400 parking ratio. We’ve provided a parking tabulation (Exhibit A) and floor area calculation plan (Exhibit B) using the 1:400 parking ratio. Like EPACenter and IKEA in East Palo Alto, both parking approval processes identified areas that would not be counted toward the square footage of the buildings (“Ancillary Spaces”), i.e. storage spaces, equipment rooms, restrooms, etc. Instead, the parking ratio is applied to the public areas (“Occupied Spaces”) that Library visitors and Staff would actually occupy. The square footage of “Occupied Spaces” that is subject to the parking calculation is approximately 14,820 SF. Using the 1:400 parking ratio, the total parking spaces required would amount to 37 spaces.

Based on the daily visitor count at the current East Palo Alto Library, the average number of people per day is +200 people during the open hours of 10:00am to 8:00pm on weekdays. Unlike regular Library service hours where people visit over the course of the day, many planned events have a hard start time with most of the attendees arriving around the same time. Peak visitor counts are usually due to Library programs such as the “Free Meals at the Library” followed by family-friendly activities.

Our project aims to be a demonstration of sustainability for patrons of all ages. The new EPA Library will encourage sustainable modes of transportation such as carpooling, bike riding, bus riding, etc. The nature of Library services is varied with regular programming structured throughout the day, seven days of the week. Even with a larger planned event, we believe that the Community Room capacity will not only limit attendance of a certain size but also be manageable so as to not create a burden on the neighboring properties or streets.

Based on the need for subsequent technical studies established in the Library Property Acquisition IS/MND, a TDM compliance check will be completed by Hexagon Transportation Consultants, Inc. Per the East Palo Alto Municipal Code Chapter 10.32, non-residential developments of 10,000 square feet or greater that generate more than 110 average daily trips are required to achieve a 40 percent reduction in daily vehicle trips.

Sincerely,



Elaine Kross  
Project Manager

# EXHIBIT A

EAST PALO ALTO LIBRARY						
Space Program						
	Size	Qty	ASF	Occupied	Ancillary	
<b>PROGRAM AREA</b>			<b>16,657</b>	<b>14,820</b>	<b>1,838</b>	
<b>1. WELCOME/ENTRY</b>						
			<b>2,800</b>	<b>2,800</b>	<b>0</b>	
1.1	Entry/ Lobby	4,000	1	2,800	2,800	
1.10	Restrooms	442	1	0		
<b>2. MEETING &amp; ACTIVITY ROOMS</b>						
			<b>2,875</b>	<b>2,625</b>	<b>250</b>	
2.1	Community Meeting Room (80 occ)	1,541	1	1,079	1,079	
2.2	Catering Kitchen	128	1	90		90
2.3	Community Room Storage	229	1	160		160
2.4	Large Meeting Room (8-12 occ)	323	1	226	226	
2.5	Literacy/Multipurpose Meeting Room	680	1	476	476	
2.6	Maker Room	824	1	577	577	
2.8	Small Study (1-2 occ)	78	2	109	109	
2.9	Med Study (4 occ)	113	2	158	158	
<b>3. TEEN</b>						
			<b>474</b>	<b>474</b>	<b>0</b>	
3.1	Teen Room	677	1	474	474	
<b>4. CHILDREN AND FAMILY</b>						
			<b>2,732</b>	<b>2,377</b>	<b>356</b>	
4.1	Children's Library	3,395	1	2,377	2,377	
4.2	Children's Stacks	360	1	252		252
4.3	Storage	148	1	104		104
4.4	Family Restroom	164	1	0		
<b>5. ADULT COLLECTION</b>						
			<b>6,045</b>	<b>5,709</b>	<b>336</b>	
5.1	Collections	7,651	1	5,356	5,356	
5.2	Adult Stacks	480	1	336		336
5.10	Quiet Reading Room	505	1	354	354	
5.8	Restrooms (single occ)	77	2	0		
<b>6. STAFF AREA</b>						
			<b>1,194</b>	<b>835</b>	<b>358</b>	
6.1	Collection Processing Room	286	1	200	200	
6.3	Staff Open Office +& Work Area	810	1	567	567	
6.4	Manager's Office	97	1	68	68	
6.5	Staff Break Area	215	1	151		151
6.6	Storage	129	1	90		90
6.7	Staff Wellness Room/Mothers Room	79	1	55		55
6.8	Staff Restroom w/Shower	89	1	62		62
<b>7. SUPPORT SPACES</b>						
			<b>538</b>	<b>0</b>	<b>538</b>	
7.1	IT Room	191	1	134		134
7.2	Custodial	0	1	0		
7.3	Mechanical/Electrical	295	1	207		207
7.4	Elevator	282	1	197		197
<b>BUILDING TOTALS</b>						
Total ASF	16,657					
Grossing Factor/Building Efficiency Factor	0.70					
<b>TOTAL GSF</b>	<b>23,796</b>					
<b>PARKING CAPACITY</b>						
Total ASF			16,657	14,820	1,838	
Area Subject to Parking Calculation				14,820		
Parking Ratio				1 to 400		
<b>TOTAL PARKING SPACES REQUIRED</b>				<b>37</b>		

CHILDREN'S RESTROOM  
115 SF  
ANCILLARY

**MAKER SPACE**  
577 SF  
**OCCUPIED**

STORAGE  
104 SF  
ANCILLARY

ELEVATOR SERVICE  
39 SF  
ANCILLARY

**TEEN'S AREA**  
474 SF  
**OCCUPIED**

**LOBBY**  
2800 SF  
**OCCUPIED**

**MANAGER'S OFFICE**  
68 SF  
**OCCUPIED**

**COLLECTIONS  
PROCESSING ROOM**  
200 SF  
**OCCUPIED**

STAFF WELLNESS  
55 SF  
ANCILLARY

**STAFF OFFICE &  
WORK AREA**  
567 SF  
**OCCUPIED**

STAFF RESTROOM  
62 SF  
ANCILLARY

STAFF BREAK ROOM  
151 SF  
ANCILLARY

STAFF STORAGE  
90 SF  
ANCILLARY

**CHILDREN'S LIBRARY**  
2377 SF  
**OCCUPIED**

ELEVATOR  
60 SF  
ANCILLARY

MEN'S RESTROOM  
144 SF  
ANCILLARY

WOMEN'S RESTROOM  
165 SF  
ANCILLARY

**COMMUNITY ROOM**  
1079 SF  
**OCCUPIED**

COMMUNITY ROOM  
STORAGE  
160 SF  
ANCILLARY

ELECTRICAL  
207 SF  
ANCILLARY

CATERING KITCHEN  
90 SF  
ANCILLARY

**1 01 - FLOOR PLAN - 1ST LEVEL - PARKING**  
A2.25 1/16" = 1'-0"

**LARGE STUDY  
ROOM**  
226 SF  
**OCCUPIED**

ELEVATOR SERVICE  
39 SF  
ANCILLARY

**QUIET READING**  
354 SF  
**OCCUPIED**

ELEVATOR  
60 SF  
ANCILLARY

**MEDIUM STUDY  
ROOM**  
71 SF  
**OCCUPIED**

**MEDIUM STUDY  
ROOM**  
87 SF  
**OCCUPIED**

IT ROOM  
134 SF  
ANCILLARY

**SMALL MEETING  
ROOM**  
55 SF  
**OCCUPIED**

**SMALL MEETING  
ROOM**  
54 SF  
**OCCUPIED**

RESTROOM  
53 SF  
ANCILLARY

RESTROOM  
55 SF  
ANCILLARY

**LITERACY**  
476 SF  
**OCCUPIED**

**COLLECTIONS**  
5356 SF  
**OCCUPIED**

**2 02 - FLOOR PLAN - 2ND LEVEL - PARKING**  
A2.25 1/16" = 1'-0"

SEAL  
**DRAFT!  
NOT FOR  
CONSTRUCTION**

APPROVALS

PROJECT TITLE

**City of East Palo Alto  
East Palo Alto  
Library**

Enter address here

**Project Status**

ISSUE DATE 1/9/2025

N&T JOB NUMBER #####

REVISIONS

DATE	DESCRIPTION

SHEET TITLE

**PARKING - 1ST FLOOR**

SHEET NUMBER

**A2.25**

October 2024

# East Palo Alto Library

## Community Engagement Report



SUBMITTED BY

**contigo.**

*Helping to Navigate the Waters of Community Engagement*

**Contigo Communications** | 2176 Palou Ave., San Francisco, CA 94124 | 415.810.8717

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## Acknowledgements

This community engagement campaign was truly a team effort. We would like to give special thanks to:

**Batool Zaro**, Senior Engineer, **City of East Palo Alto**

**Rachel McDonnell**, Projects and Facilities Manager, **San Mateo County Libraries**

**Ramses Escobedo**, Branch Manager, **East Palo Alto Library**

**Kenny Gabe**, Community Program Specialist, **East Palo Alto Library**

**Elaine Kross**, Senior Associate & Project Manager, **Noll & Tam Architects**

**Christopher Noll**, Principal, **Noll & Tam Architects**

**Jane Catalano**, Interiors Principal, **Noll & Tam Architects**

**Katie Stuart**, Project Architect, **Noll & Tam Architects**

**Joshua Gregory**, Job Captain, **Noll & Tam Architects**

**Jesus Guerrero**, Community Technology Officer, **StreetCode Academy**

**Dr. Omowale Satterwhite**, Member, **Nairobi Advocates**

**Ofelia Bello**, Executive Director, **Youth United for Community Action (YUCA)**

**Gina Sudaria**, Superintendent, **Ravenswood School District**

**Joy Shen**, Assistant Director of Strategy & Engagement, **Ravenswood School District**

**Tiffany Uhila-Hautau**, Executive Director, **Anamatangi Polynesian Voices**

**Paris Hill**, Chair, **East Palo Alto Senior Advisory Committee (EPASAC)**

**Miriam Yupanqui**, Executive Director, **Nuestra Casa**

## Executive Summary

In the summer of 2024, Contigo Communications, working closely with Noll & Tam Architects, the City of East Palo and San Mateo County Libraries, created an online Project Interest Form Survey, conducted seven interviews with community leaders, held two Focus Groups, and supported one Community Meeting as part of community engagement efforts to inform the design of the future East Palo Alto Library project.

These outreach efforts were designed to connect with a range of residents and service providers and ensure that input acquired was equitable and reflected a range of opinions from the diverse population of East Palo Alto. Through our various outreach efforts, we interacted with 114 East Palo Alto residents (57 online and 57 in-person), generating a wealth of data that we used to garner insight about how community members want to use their library.

## Top Findings

- East Palo Alto residents use their library to access community services and as a space to come together. Library services such as classes and workshops are often conceptualized in terms of their impact on community functioning
- Digital access and technology education is a crucial need in a town significantly lagging behind its neighbors. This includes basic provisions such as printing and Wi-Fi, as well as educational efforts
- Reading and books are still a core use of the library, but East Palo Altans also want to use their library to access varied programming, classes, workshops and resources
- Design expectations are high, especially for those exposed to newer libraries around San Mateo County who see those spaces so well utilized
- Programming and services need to address the multiple cultures and languages in the community
- Spaces and programming designed for children and teens are a priority and a crucial service for many families. In addition, whole families often use the library at once, so multigenerational programming and design must be considered.

## Methodology

In service of the East Palo Alto Library project, Contigo Communications conducted a multi-step community engagement campaign, including neighborhood partner outreach, interviews, online survey, targeted community focus groups, and a community meeting.

## Design

We began by partnering with staff from the City of East Palo Alto and San Mateo County Libraries to understand their outreach goals and integrate their communication experience with our efforts. We then performed a scan of key community organizations, which could act as project partners and supporters to further our goal of reaching diverse audiences in the population.

Based on the needs of the project and the community, we adopted a multiprong approach using an online survey, focus groups, public meetings, and meetings with key community leaders to gather data and create meaningful input. This allowed us to meet the goals of targeting traditionally underrepresented groups, while at the same time engaging a wide base of the varied East Palo Alto community.

## Partners

Our ability to conduct effective, equity-based community outreach depends on our capacity to collaborate with community-based organizations who can convey to us the interests of local residents, and who can help extend our outreach to their network. We connected with 28 varied community service providers – a range of Community Based Organizations, Schools, and Faith-Based Organizations who were an integral part of outreaching to East Palo Alto residents:

COMMUNITY SERVICE PROVIDERS		
Community - Based Organizations	Anamatangi Polynesian Voices	Free At Last
	Boys & Girls Club - Peninsula	Girls to Women
	EPACENTER	Lewis and Joan Platt East Palo Alto Family YMCA
	EPA Community Archive	Live in Peace
	East Palo Alto Senior Center Inc.	Nairobi EPA Advocates
	EPA Community Alliance and Neighborhood Development Org	Nuestra Casa
	East Palo Alto Community Calendar	Renaissance Center
	Ecumenical Hunger Program	StreetCode Academy
	Family Resource Center of San Mateo County (Ability Path)	Youth Community Services
	Foundation for a College Education	Youth United for Community Action (YUCA)

*(continued on next page)*

COMMUNITY SERVICE PROVIDERS (cont'd)		
Schools	College Track East Palo Alto	Ravenswood City School District
	Eastside College Preparatory School	The Little Blue House
	KIPP Esperanza High School	The Primary School
Faith-Based Organizations	Hope Horizon East Palo Alto	St. Francis of Assisi Church

## Listening Campaign

We began our listening and data-collection efforts interviewing key community leaders, drawn from the leadership of the community service providers listed above. We conducted a total of seven interviews with the following organizations.

ORGANIZATION	DATE
StreetCode	July 2, 2024
Nairobi Advocates	July 2, 2024
Youth United for Community Action (YUCA)	July 2, 2024
Ravenswood School District	July 8, 2024
Anamatangi Polynesian Voices	July 8, 2024
East Palo Alto Senior Advisory Committee (EPASAC)	July 9, 2024
Nuestra Casa	August 6, 2024

The qualitative data we acquired from these interviews gave us insight into the critical areas of concern for distinct groups in East Palo Alto. This insight in turn informed how we designed and populated the focus groups and helped us determine what questions to ask in those discussions. We also coded that data and included it in the thematic analysis given later in this document.

We created an online survey that functioned both as a screening tool for focus group participants, and as a way to gather structured feedback about library use and community goals. We publicized the focus groups using print and electronic flyers, distributed in partnership with the City of East Palo Alto and San Mateo Libraries, as well as by our community project partners and supporters. We also used in-person outreach at the current EPA Library and at Ravenswood Middle School to recruit interested participants.

Interested parties filled out an Interest Form Survey that explained the project, asked about their views on the library, and asked demographic questions. The survey included two limited-choice questions that generated quantitative data about how the residents use the library now and what they would like to see in a new library. After sorting for demographic fit and availability, applicants were contacted to confirm availability and accessibility for in-person focus group meetings.

We used best practices and experience to design focus groups for maximize openness and interaction: two small groups of 10 participants, held in-person, one in English and one in Spanish. We provided a \$25 gift card to discussants as an honorarium to recognize their contribution and incentivize participation.

All focus groups were run from a standard set of questions (English & Spanish) to ensure each group responded to the same questions and data gathered was comparable between groups. We also used slides prepared by Noll & Tam Architects showing examples of different library designs to prompt participant responses. After the focus groups were completed, we prepared transcripts and notes from each discussion, then collated and analyzed these results to produce a set of common themes that appeared across groups. We also pulled out key highlights and quotes.

We held a large Community Meeting with Noll & Tam to engage members of the community who were not interested in, not available for, or not selected to take part in our focus groups. This meeting was held on Tuesday, August 27 at the current East Palo Alto Library at 2415 University Avenue. It featured a catered dinner, childcare activities, and live translation for Spanish-speaking attendees. Data was primarily collected via interactive presentation boards that invited members of the public to write on post-its in response to specific prompts. These were put up at the August 27 Community Meeting and were left up in the Library until September 30, 2024 so that people who weren't present at the meeting could leave feedback. The presentation board comments were then collated against the categories developed to analyze results of focus groups to produce a qualitative analysis of these interactions.

## Metrics

The table below gives a numerical overview of our listening campaign. It lists how many community members were reached through which outreach method, and how many data points were generated through these respective interactions. A data point in this context means an iota of knowledge useful in determining insightful conclusions. For the limited-choice questions on the online Interest Form Survey, each check of the multiple-choice response was a data point. For the Survey Write-Ins, Interviews, Focus Groups, and Community Meeting, data points were generated by coding a comment as a distinct theme that appeared across multiple discussions. All data points were used in our analysis phase to generate holistic understanding and reach our findings.

OUTREACH METHOD	# PARTICIPANTS	# DATA POINTS
Online Interest Form Survey	57	901
<i>Multiple-choice questions</i>	57	841
<i>Write-in comments</i>	20	60
Interviews (7)	7	141
Focus Groups (2)	20	401
<i>English-language Focus Group</i>	10	193
<i>Spanish-language Focus Group</i>	10	208
Community Meeting (1)	30	111
<b>TOTAL:</b>	<b>114</b>	<b>1,554</b>

## Demographics

The goal of our community outreach is to help represent the diversity of the community and capture a range of voices, not just those closest to the microphone. To evaluate our success, we captured demographic data about the respondents to our online Interest Form Survey (from which all the Focus Group participants were selected).

Below is a breakdown of the demographics for the respondents to the Online Interest Form Survey (n=58), with the subset of Focus Group participants as a comparison (n=20).

DEMOGRAPHICS		INTEREST FORM SURVEY		FOCUS GROUPS	
		#	%	#	%
AGE	Under 18	2	3%	2	10%
	18-24	2	3%	0	-
	25-34	14	24%	3	15%
	35-44	21	36%	8	40%
	45-54	11	19%	3	15%
	55-64	3	5%	1	5%
	65 and older	5	9%	3	15%
EMPLOYMENT STATUS	Full-time	30	52%	9	45%
	Part-time	10	17%	2	10%
	Unemployed	9	16%	3	15%
	Retired	4	7%	4	20%
	Student	3	5%	1	5%
	Other	3	5%	1	5%
GENDER	Female	45	78%	15	75%
	Male	12	21%	4	20%
	Non-Binary	1	2%	1	5%
ARE YOU A PARENT?	Yes	35	60%	14	70%
	No	23	40%	6	30%
ETHNICITY	Hispanic	28	48%	11	55%
	White	16	28%	5	25%
	Black	6	10%	1	5%
	Asian	4	7%	2	10%
	Multiracial	2	3%	1	5%
	Pacific Islander	2	3%	0	-

(continued on next page)

DEMOGRAPHICS		INTEREST FORM SURVEY		FOCUS GROUPS	
		#	%	#	%
LANGUAGE AT HOME	English	42	72%	13	65%
	Spanish	19	33%	9	45%
	Other (French, Portuguese, German, Tongan)	5	9%	0	-
DO YOU HAVE A DISABILITY?	No	53	93%	17	85%
	Yes	4	7%	2	10%

The demographic data indicate that our community outreach achieved our goal of reaching diverse audiences and engaging multiple audiences that reflect the makeup of East Palo Alto.

The age range of our participants is an approximate normal distribution, with a slight weight toward seniors. This reflects the predominance of families that use the library, as well as our active engagement with the senior community in the area. We also had a representative distribution in employment status.

Our audience was significantly weighted toward females; we believe this reflects the active representation of female caregivers who make up such an important part of the library’s user base. We purposely recruited a preponderance of parents into our focus groups to better understand the needs of their families and children.

The ethnic makeup of our participants was diverse, with a strong representation of the Hispanic community that plays an important role in East Palo Alto. Around half of the participants in both our online Interest Form Survey and our Focus Groups were Hispanic. Interestingly, 40% of the participants in our Spanish-language Focus Group spoke English at home. This is one indication of the multicultural nature of the East Palo Alto community, as well as the persistent pressures of assimilation that Hispanic families face.

## Findings

Following the completion of our Outreach and Listening Campaign, we gathered notes and transcripts from the Interviews, Focus Groups, and the Community Meeting to identify persistent themes that appeared across discussions; we also included write-in comments from the online Interest Form Survey. We counted the number of times a particular idea was mentioned by participants, then sorted and categorized this data to group these ideas into coherent themes.

Our findings are based on an analysis of this qualitative data along with the quantitative data from the limited-choice questions on the online Interest Form Survey. Those questions provided solid information, but the predetermined nature of the options meant richer insight was gleaned from in-person discussions in Focus Groups, Interviews, and the Community Meeting. The free nature of these conversations allowed participants to raise their own thoughts, lending nuance to the qualitative data that illuminates the desires of the East Palo Alto community.

A summary of the findings is below, with a more detailed exploration of data and themes on the following pages (complete data tables are provided in the Appendix). We cite “number of comments” as a metric, which denotes the number of times an issue was raised by participants, not the number of participants who raised it. This metric is for directional use only and should not be construed as statistically representative. We also include quote summaries to help illustrate the discussion – these are edited quotes from focus group participants and do not fully represent the nuance of the complete discussion.

### Summary

**Focus on the Community** - Although traditional uses are still important, East Palo Alto residents use their library for much more than accessing books and media – it is a vital community resource for many and a crucial site of social interaction. The new library must address residents’ needs for social services, community gathering spaces, classes and workshops, and activity resources like makerspaces.

**21<sup>st</sup> Century Library for a Community Behind the Pack** - Compared to the surrounding communities, East Palo Alto residents identify technology as the area where they are most behind. The new Library can help address this in significant ways: providing access to digital resources like computers, Wi-Fi, and printing; providing education about technology and its day-to-day application; and integrating technology into resources like makerspaces and classes.

**An Active Library with Rich Experience** - The vision of the library that participants articulated went beyond a place to read. It is a place to make things, to take classes, to appreciate nature, to discover technology, and to learn about new ways to experience the world. It is an ambitious conception from a town that believes the right library can help transform their community.

**Sophisticated, Experience-Centered Design** – Participants offered a variety of views on design elements, but the common thread was the idea that the new library’s design should offer visitors an enriched experience. From varied seating options to an engaging outdoor space, design details should be leveraged to address diverse user needs and create memorable spaces.

## Discussion Categories

We grouped themes from our analysis into four categories:

1. **Library Use & Features** – The largest category by comment volume, this includes descriptions of how the Library is and should be used, and what features residents want to see including kinds of spaces and services
2. **Community & Access** – How the Library interacts with and services the community, and how it can live up to the ideals the community has for it
3. **Design** – This included specific design features as well as more general ideas of look and feel
4. **Programming** – Specific ideas about the types of programs desired at the new library

The following table gives metrics for the leading themes across categories (22 themes accounted for 41% of 713 comments we coded). The following pages go into further detail and give example quotes from discussion groups.

TOP THEMES	# COMMENTS
Digital Resources: computers, Wi-Fi, printer, copier, shredding, charging, 3D printer etc.	48
Children’s space, programing, resources, and activities	40
Outdoor space/trees/plaza/water feature	31
Seating: ergonomic/couches/bean bags/bleachers	28
Lighting: windows/Bay view/ natural light	27
Flexible meeting rooms and classrooms	23
Information/Community Hub	23
Makerspaces	22
Programs (ESL) and services for non-English speakers	22
Teen space/programming	22
Classes and workshops	20
Open design	20
Coffee and snacks	19
Partnerships with CBOs & Schools	18
Book and DVD collection	17
Technology education and support	17
Community gathering space; social space	16
Inviting/cozy/relaxing design	15
Learn about/access Social Services	14
Community Events (e.g., film & lecture)	12
Culinary education/studio	12
Quality design/finishes& art	12

\*\*N.B.; these counts are for directional use only and should not be construed as statistically representative. The number of mentions does not indicate how many participants engaged the issue.

## I. Library Use & Features

### Summary

- Access to digital resources are a critical community need
- Children’s programming and spaces are a priority for residents
- Desire for expanded features such as a garden, more physical libraries, makerspace and space for small business or nonprofit pop-ups
- Traditional uses such as reading and studying remain important

Our Outreach participants expressed a variety of ways they use and would like to use the library. The most common discussion point (1 out of every 15 comments) was about using the library to access fundamentals of a digital world: computers to use, wifi access, device charging, printing, copying, and shredding. This is a vital resource for many residents who can’t afford these on their own.

*“I am interested in using online resources at the library (our world is increasingly online so we need digital copies of stuff and access to databases).” — Spanish Focus Group*



*“I didn’t have internet access before the pandemic, so I would go use the computer station. I use the printer as well.” — English Focus Group*

*“We are in the center of Silicon Valley and people in this discussion group are saying they need a computer and a shredder. Equity is not equitable anymore, when you are in the negative.”*

*— English Focus Group*

Children’s programming and spaces also provide a critical resource to East Palo Alto families, with many wanting to see expansion of services.



*“I don’t know that we will get a multimillion dollar library, but the kids need services and the teens [do too]. If you want to continue with a literacy program you have to invest in the children. The kids services need to be improved, like the training for the Storytime helpers.” — Spanish Focus Group*

*“I would like to see toddler and kid’s play space with special bookshelves and seats.” — Survey Write-In*

Many participants expressed interest in features that go beyond traditional library services, such as a makerspace, café, garden, or Library of Things (where they can borrow things like tools, sewing or cooking equipment, etc.).



*“I like the idea of a garden space since they have a seed library. The tool library can also be coupled with outdoor education.” — English Focus Group*

*“I have seen that there are lending libraries in some places and we need that too here in East Palo Alto. Right not they only have sewing machines.” — Spanish Focus Group*

Participants were clear that they still value traditional uses of a library, like reading and checking out books, researching, and studying.



*“I checkout books and CDs, and I like to go and spread out my things and work on things and study.” — English Focus Group*

*“We checkout books, eBooks, Super Smash Brothers tournament, we have used the space to meet there with community members and have attended workshops – hand sewing.” — English Focus Group*

## I. Library Use & Features - Data

In our qualitative analysis, ten themes in the Library Use & Features category accounted for 75% of the comments in that category:

TOP LIBRARY USE & FEATURES THEMES	# COMMENTS
Digital Resources: computers, Wi-Fi, printer, copier, shredding, charging, 3d printer etc.	48
Children’s space, programing, resources, and activities	40
Flexible meeting rooms and classrooms	23
Makerspaces	22
Teen space/programming	22
Coffee and snacks	19
Book and DVD collection	17
Garden	11
Library of things: tools, seeds, kitchen supplies, toys, bike repair, sewing machine etc.	11
Study & co-working	11

In our online Interest Form Survey, one question asked respondents, “How do you use the library now?”:

SURVEY QUESTION: How do you use the library now?		
ANSWER	#	%
Check out books, CDs or DVDs	27	47%
Classes, events, and other programs	22	39%
Children’s programing, resources, or activities	20	35%
Study, work, or research	20	35%
Use computers or Wi-Fi, print, make copies, etc.	19	33%
Read or have quiet time	16	28%
Learn about social services or government programs	15	26%
Meet friends or socialize	10	18%
I don't use the library	1	2%

## II. Community & Access

### Summary

- Library as information hub for information and resources, especially social services
- The library should provide direct services or connect users with those services
- The library plays a social function as a gathering place and center of community in East Palo Alto
- Addressing needs of language-based communities (like Spanish-speakers) is a key way to provide service and access to all in the community

Our participants continually reiterated that, for East Palo Alto residents, the library is much more than a stop in their day – it is a center of community and a vital resource for those in need. Many expressed the importance of the library in accessing information and learning about social services in particular.

“I use the library for research, resource and obtain information. All that is, and can be, offered. It is my first stop for any community communication and assistance.” — Survey Write-In

“The library entrance needs a large board for education on local resources, especially for at-risk populations” — Community Meeting

Community services are important to the East Palo Alto community, and many participants felt the library should be part of that mission, be it acting as a cooling center, providing free meals and homeless services, or just orienting itself towards those in the most need, in addition to hosting community empowerment discussions.

“A library is a community support. The homeless go there to use the bathroom and get out of the sun.” — Spanish Focus Group

“We live in Silicon Valley and there are a lot of haves and have notes – the library is comforting because it is welcoming to all so I want the services to reflect that.” — English Focus Group

“In East Palo Alto we need more community services. People need a community service center.” — Spanish Focus Group

Our respondents persistently discussed the library as one of the places where they feel a sense of connection and community, underlining its social function for residents. These comments were often coupled with statements reflecting on the lack of community gathering spaces and parks in East Palo Alto.

“I think the library is important part of community and an important place to gather. I like being with people of different backgrounds and ages. It is easy to feel siloed.” — English Focus Group

“I really would love to have our local library be more of a hang out.” — Survey Write-In

One of the key ways the library can support diverse families in East Palo Alto is by enhancing its programming (like ESL) and in-language support for non-English speakers (especially Spanish speakers).

“I have gone to the Redwood City Library and they asked what language I preferred. They have a program... Programa Especialist Comunidad – they provide immigration support and it is a County program. We need programs like that.” — Spanish Focus Group

“Mas profesores para clases de ingles (More teachers for english class).” — Community Meeting

## II. Community & Access - Data

In our qualitative analysis, eight themes in the Community & Access category accounted for 80% of the comments in that category:

TOP COMMUNITY & ACCESS THEMES	# COMMENTS
Information/Community Hub	23
Programs (ESL) and services for non-English speakers	22
Partnerships with CBOs & Schools	18
Community gathering space; social space	16
Learn about/access Social Services	14
Parking, transit and pedestrian concerns	11
ADA/access concerns	9
Diverse families & cultures	9

The limited-choice questions asked in the online Interest Form Survey did not address ideas of community, diversity, or access. This underlines the importance of gathering qualitative data in community outreach, as it allows us to discover central concerns that were previously unknown.



One of the Presentation Boards used to solicit public comment in the current East Palo Alto Library from August 27 – September 30, 2024

## III. Design

### Summary

- Outdoor space is a crucial concern of residents, and shade concerns are important
- Comfortable, use-appropriate seating is important
- Good lighting is a significant desire, with natural lighting being highly valued
- Design should be open but also inviting, with attention to noise security

Our Outreach participants emphasized that careful design is important to their vision of a community-centered Library. The need for outdoor space was the most commonly repeated idea. Whether a play space, garden, reading area, or multi-use plaza, a friendly and accommodating outdoor space was a key design concern. It was noted that existing parks in the area do not offer shade despite of high temperatures in the summer affecting their use, so outdoor space should consider this in its design.

*“I LOVE outdoor spaces! Please include shade cover.” — Community Meeting*



*“I think there should be a space to sit and work [outdoors]; some people don’t tolerate air conditioning; some Palo Alto libraries offer that.” — English Focus Group*

*“We need an area to teach kids to garden and grow vegetables and an area to be a kids and run around.” — Spanish Focus Group*

Proper seating was a persistent design concern as well. Participants felt seating should be ergonomic, tailored for the space (studying vs. socializing vs. kids’ area), and flexible in use.



*“I think there should be a relaxing area with bean bag chairs for kids and also for grownups.” — English Focus Group*

*“Don’t use those chairs – they are not inclusive of people’s body sizes.” — English Focus Group*

Lighting was another common concern. Participants were concerned about adequate lighting for activities and wanted ample sources for natural light, a natural fit for the Bay-side site.



*“I love how appealing this design is – I like the tall windows and natural light.” — English Focus Group*

*“I like this design example because it has natural light through windows” — Spanish Focus Group*

Participants had a variety of general design opinions: they wanted an open design that maximized flow, but a cozy and inviting design that made patrons feel at ease, and using high-quality materials. They also had noise concerns about how multiple uses might be disruptive to those seeking a quiet atmosphere.



*“I want a spacious design where kids can lounge and read in a quiet space. An outdoor park with grass and a garden area outside where kids/adults want to take books and art outdoors.” — Survey Write-In*

*“This design is really inviting, it looks cozy, and has good materials, like on the sofa.” — English Focus Group*

*“Teens aren't quiet. They would need to be an enclosed space on the first floor.” — Community Meeting*

## III. Design – Data

In our qualitative analysis, five themes in the Community & Access category accounted for 79% of the comments in that category:

TOP DESIGN THEMES	# COMMENTS
Outdoor space/trees/plaza/water feature	31
Seating: ergonomic/couches/bean bags/bleachers	28
Lighting: windows/Bay view/ natural light	27
Open design	20
Inviting/cozy/relaxing design	15

The limited-choice questions asked in the online Interest Form Survey did not ask about design values or specifics. Our ability to gather this data in free-flowing interpersonal conversation was essential to understanding the needs of the community on this matter.



One of the Presentation Boards used to solicit public comment in the current East Palo Alto Library from August 27 – September 30, 2024

## IV. Programming

### Summary

- Classes and workshops are highly-desired by East Palo Alto library users
- Technology education is vital given the community’s need to narrow the digital divide
- Classes and workshops are often conceptualized in relationship to community connection, not just personal development
- Community events are also important to library users

Outreach participants consistently expressed a desire for a library with active roster of classes, workshops, and events. Classes and workshops were the most often-mentioned programming with a variety of specific ideas mentioned, such as arts & crafts, nature education, or culinary classes.

*“I would like to see classes for the community such as sewing, cooking. Arts & crafts is very good use of space” — Community Meeting*

*“I would like to see nature education for kids who can't go camping or have other direct experiences with nature.” — Community Meeting*

*“I would love to learn about sewing and using a makerspace. I would like a low-tech maker space, and not have it be only high-tech.” — English Focus Group*

Programming was often described in the context of social relations, emphasizing that the active library local residents are conceptualizing should be a nexus for community.

*“I would love classes on how to use garden grown ingredients to make meals. Community members signing up to teach family recipes.” — English Focus Group*

*“I use to go to Tai Chi and yoga and gardening classes at Palo Alto Library, and you meet people at those. I want to feel more like this is a community and library can encourage that.”*

*— English Focus Group*

Echoing the importance of digital access discussed earlier, technology education was the single most common specific subject for classes and workshops.

*“I am interested in seeing training in technology, professional development and work resources at the library.” — Survey Write-In*

*“I would like to see programs for adults to learn how to use computers.” — Spanish Focus Group*

Beyond active learning programs, participants also made clear the importance of community events hosted at the library.

*“I like to attend the events that they hold. They have many wonderful events and it has made a big impact on my life.” — English Focus Group*

*“I would like to see a space for teen film screenings and game nights, like they have in Menlo Park.” — Community Meeting*

## IV. Programming - Data

In our qualitative analysis, five themes in the Community & Access category accounted for 79% of the comments in that category:

TOP PROGRAMMING THEMES	# COMMENTS
Classes and workshops	20
Technology education and support	17
Community Events (e.g., film & lecture)	12
Culinary education/studio	12
Cross-generational design/activities/programming	11
Literacy programs	9
Nature education/animals	6

In our online Interest Form Survey, one question asked respondents, “What Library services, spaces and programs would you like available to you and the East Palo Alto community?”:

What Library services, spaces and programs would you like available to you and the East Palo Alto community?						
ANSWER	#	%		ANSWER	#	%
Study spaces & co-working center	37	65%		Digital collections: eBooks, subscription services, online media, etc.	28	49%
Arts and crafts space and classes	36	63%		Kids’ play space	28	49%
Classes, events, and other programs	36	63%		Coffee & snack spot	27	47%
Event and storytelling space	33	58%		Language services and programs for non-native English speakers	25	44%
Community gathering space	32	56%		Storytime program	25	44%
Teen space	32	56%		Programming and resources for Seniors	23	40%
Library of things: tools, seeds, kitchen supplies, toys, bike repair, etc.	31	54%		Career development and workforce resources	22	39%
Quiet room	31	54%		Family literacy programs	22	39%
Adult-focused programs, including lectures, fitness, and classes	30	53%		Culinary teaching studio	21	37%
Flexible meeting rooms and classrooms	30	53%		Digital media recording and editing studio	20	35%
Homework help programs	30	53%		Game Room: digital consoles, board games and other recreational amenities	20	35%
Room for events, performances, and meetings	29	51%		Genealogy & history hub	14	25%
Technology and IT education & training	29	51%				

## Appendix – Full Data Tables

Data from limited-choice questions on the online Interest Form Survey:

<b>How do you use the library now?</b>		
<b>ANSWER</b>	<b>#</b>	<b>%</b>
Check out books, CDs or DVDs	27	47%
Classes, events, and other programs	22	39%
Children’s programing, resources, or activities	20	35%
Study, work, or research	20	35%
Use computers or Wi-Fi, print, make copies, etc.	19	33%
Read or have quiet time	16	28%
Learn about social services or government programs	15	26%
Meet friends or socialize	10	18%
I don't use the library	1	2%

<b>What Library services, spaces and programs would you like available to you and the East Palo Alto community?</b>		
<b>ANSWER</b>	<b>#</b>	<b>%</b>
Study spaces & co-working center	37	65%
Arts and crafts space and classes	36	63%
Classes, events, and other programs	36	63%
Event and storytelling space	33	58%
Community gathering space	32	56%
Teen space	32	56%
Library of things: tools, seeds, kitchen supplies, toys, bike repair, etc.	31	54%
Quiet room	31	54%
Adult-focused programs, including lectures, fitness, and classes	30	53%
Flexible meeting rooms and classrooms	30	53%
Homework help programs	30	53%
Room for events, performances, and meetings	29	51%
Technology and IT education & training	29	51%
Digital collections: eBooks, subscription services, online media, etc.	28	49%
Kids’ play space	28	49%
Coffee & snack spot	27	47%
Language services and programs for non-native English speakers	25	44%
Storytime program	25	44%
Programming and resources for Seniors	23	40%
Career development and workforce resources	22	39%
Family literacy programs	22	39%
Culinary teaching studio	21	37%
Digital media recording and editing studio	20	35%
Game Room: digital consoles, board games and other recreational amenities	20	35%
Genealogy & history hub	14	25%

## Appendix (cont'd)

Data coded from write-ins in the online Interest Form Survey and comments from discussions in Interviews, Focus Groups, and the Community Meeting:

CATEGORY	THEMES	# COMMENTS
Library Use & Features	Digital Resources: computers, Wi-Fi, printer, copier, shredding, charging, 3d printer etc.	48
Library Use & Features	Children's space, programing, resources, and activities	40
Library Use & Features	Flexible meeting rooms and classrooms	23
Library Use & Features	Makerspaces	22
Library Use & Features	Teen space/programming	22
Library Use & Features	Coffee and snacks	19
Library Use & Features	Book and DVD collection	17
Library Use & Features	Garden	11
Library Use & Features	Library of things: tools, seeds, kitchen supplies, toys, bike repair, sewing machine etc.	11
Library Use & Features	Study & co-working	11
Library Use & Features	Tutoring and homework	10
Library Use & Features	Reading	10
Library Use & Features	Career/workforce/business resources	9
Library Use & Features	Games (physical & computer)	9
Library Use & Features	Private rooms	9
Library Use & Features	Digital collections: eBooks, subscription services, online media, etc.	9
Library Use & Features	Library communication & staff	8
Library Use & Features	Quiet space	7
Library Use & Features	Room for events, performances, and meetings	4
Library Use & Features	EPA History	1
Community & Access	Information/Community Hub	23
Community & Access	Programs (ESL) and services for non-English speakers	22
Community & Access	Partnerships with CBOs & Schools	18
Community & Access	Community gathering space; social space	16
Community & Access	Learn about/access Social Services	14
Community & Access	Parking, transit and pedestrian concerns	11
Community & Access	ADA/access concerns	9
Community & Access	Diverse families & cultures	9
Community & Access	Meals provided to community	7
Community & Access	Safety (physical and online)	7
Community & Access	evening/expanded hours	6
Community & Access	Homeless population	5

(continued on next page)

CATEGORY	THEMES	# COMMENTS
Design	Outdoor space/trees/plaza/water feature	31
Design	Seating: ergonomic/couches/bean bags/bleachers	28
Design	Lighting: windows/Bay view/ natural light	27
Design	Open design	20
Design	Inviting/cozy/relaxing design	15
Design	Quality design/finishes& art	12
Design	Noise concerns	10
Design	Environmental/regulatory concerns	7
Design	Bathroom	4
Programming	Classes and workshops	20
Programming	Technology education and support	17
Programming	Community Events (e.g., film & lecture)	12
Programming	Culinary education/studio	12
Programming	Cross-generational design/activities/programming	11
Programming	Literacy programs	9
Programming	Nature education/animals	6
Programming	After school & summer programs	5
Programming	Storytime program	5
Programming	Exercise	4
Programming	Adult-focused programs, including lectures, fitness, and classes	3
Programming	Arts and crafts	3

\*\*N.B.; these counts are for directional use only and should not be construed as statistically representative. The number of mentions does not indicate how many participants engaged the issue.



*Navigating the Waters  
of Community Engagement*

**contigo.**



**277**

February 19, 2025

**RE: New EPA Library – Visitor Attendance and Parking Estimates**

**Background**

The current East Palo Alto Library offers a variety of programs, workshops and events for children, teens and adults on a regular basis. The Library services occur 7 days a week over many hours of the day suggesting people come and go over the course of the day rather than peak at a hard start and stop time. Regular hours are 10:00am – 8:00pm during weekdays and 10:00am – 5:00pm on the weekends. Based on recent visitor count data from 2023-2024, the busiest days and times are Tuesdays – Fridays from 3:00pm – 5:00pm. This coincides with the “Free Meals at the Library” times which are often followed by other library events such as “Game Time” and “Creative Corner” which end by 4:30pm.

<b>Daily Visitor Count (FY 2023-24)</b>								
<b>Library</b>	<b>Sq. Ft.</b>	<b>Sunday</b>	<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>	<b>Saturday</b>
<b>East Palo Alto</b>	7,680	94	246	250	286	278	199	116
Open Hours		10am – 5pm	10am – 8pm	10am – 8pm	10am – 8pm	10am – 8pm	10am – 8pm	10am – 5pm
Busiest Days and Times				3pm – 5pm	11am – 5pm	3pm – 6pm	3pm – 5pm	

**Considerations to reduce parking demand:**

Important information for considering the impact of these events and daily uses from a transportation and parking perspective is the following:

- A select number of short-term parking spaces can be used to increase turnover, allowing more cars to park over the course of the day. The design team shall consult with the City on an appropriate number of time-limited parking, ranging from five (5) minutes to thirty (30) minutes. In our experience, many libraries have designated at least one (1) space as a 20-minute parking spot for quick book returns and picking up holds
- There are two nearby SamTrans bus stops by the new Library site - Bay Rd. & Pulgas Ave. is approximately 350 feet away and Pulgas Ave. & Weeks St. is about 530 feet away. Both stops are served by Sam Trans routes 296, 280, and the “School Oriented Route” 81. Route 296 has buses running every 15 minutes along major East Palo roads that connect schools, Caltrain Transit Stations and the SamTrans EPX (express) bus. Route 280 operates at 60-minute intervals, connecting to Palo Alto Transit Center along University Ave. Route 81 is a school-oriented route that intentionally ties to Menlo-Atherton Highschool’s bell schedule so students may consider riding it to get to and from school. Currently, SamTrans offers discounted fares for passengers 18 and younger or seniors 65 and over. Youth can get Clipper cards free with an application. In partnership with the San Mateo County Office of Education, SamTrans provides free bus fares for Socioeconomically Disadvantaged students. We also hope the City’s 2030 CAP goal to expand the free public transit Clipper Card pilot program will encourage more people to take the bus.
- Per CalGreen requirements, the new Library will provide permanently anchored bicycle racks by the main entrance, readily visible to passers-by, for at least 5% percent of motorized vehicle parking capacity. Based on

current parking count estimate, the project is required to have three (3) bike parking spaces – the design anticipates exceeding this amount. This aligns with the City’s 2030 CAP goal to build a comprehensive and well-used bicycle network that comfortably accommodates bicyclists of all ages and skill levels.

- The East Palo Alto Senior Center provides weekly shuttle services which helps reduce the parking demand for multiple adults who might otherwise arrive individually. This existing program aligns with the City’s 2030 CAP plan which aspires to work with partners to apply for grant funding from C/CAG and work with the County Transportation Authority to fund local shuttles while expanding the City’s transit network coverage.

### **Project Approach**

The project site is located within the “4 Corners Gateway” in the Ravenswood Business District (RBD) Specific Plan which required a minimum parking of 1 parking space per 400 square feet of floor area (1:400) for “all other non-residential uses”. To allow for future library development, the General Plan and Zoning Amendments of the site were changed from its current designation and zoning to Public Institutional (PI). Based on the RBD Specific Plan Update, the zoning designation of the new Library site “PI” does not have off-street parking standards for library use. RBD Specific Plan Table 8-3, which states for “All Other Uses” allows off-street parking “as determined by the Director” would give the City the discretion to set a rate for the new Library.

The City of San Mateo and Foster City apply the 1:400 parking ratio specifically for libraries, art galleries and museums. The neighboring site of EPACenter at 1950 Bay Road within the Bay Road Central zone uses the 1:400 parking ratio. We’ve provided a parking tabulation (Exhibit A) and floor area calculation plan (Exhibit B) using the 1:400 parking ratio. Like EPACenter and IKEA in East Palo Alto, both parking approval processes identified areas that would not be counted toward the square footage of the buildings (“Ancillary Spaces”), i.e. storage spaces, equipment rooms, restrooms, etc. Instead, the parking ratio is applied to the public areas (“Occupied Spaces”) that Library visitors and Staff would actually occupy. The square footage of “Occupied Spaces” that is subject to the parking calculation is approximately 14,820 SF. Using the 1:400 parking ratio, the total parking spaces required would amount to 37 spaces.

Based on the daily visitor count at the current East Palo Alto Library, the average number of people per day is +200 people during the open hours of 10:00am to 8:00pm on weekdays. Unlike regular Library service hours where people visit over the course of the day, many planned events have a hard start time with most of the attendees arriving around the same time. Peak visitor counts are usually due to Library programs such as the “Free Meals at the Library” followed by family-friendly activities.

Our project aims to be a demonstration of sustainability for patrons of all ages. The new EPA Library will encourage sustainable modes of transportation such as carpooling, bike riding, bus riding, etc. The nature of Library services is varied with regular programming structured throughout the day, seven days of the week. Even with a larger planned event, we believe that the Community Room capacity will not only limit attendance of a certain size but also be manageable so as to not create a burden on the neighboring properties or streets.

Based on the need for subsequent technical studies established in the Library Property Acquisition IS/MND, a TDM compliance check will be completed by Hexagon Transportation Consultants, Inc. Per the East Palo Alto Municipal Code Chapter 10.32, non-residential developments of 10,000 square feet or greater that generate more than 110 average daily trips are required to achieve a 40 percent reduction in daily vehicle trips.

Sincerely,



Elaine Kross  
Project Manager

# EXHIBIT A

EAST PALO ALTO LIBRARY						
Space Program						
		Size	Qty	ASF	Occupied	Ancillary
<b>PROGRAM AREA</b>				<b>16,657</b>	<b>14,820</b>	<b>1,838</b>
<b>1. WELCOME/ENTRY</b>						
				<b>2,800</b>	<b>2,800</b>	<b>0</b>
1.1	Entry/ Lobby	4,000	1	2,800	2,800	
1.10	Restrooms	442	1	0		
<b>2. MEETING &amp; ACTIVITY ROOMS</b>						
				<b>2,875</b>	<b>2,625</b>	<b>250</b>
2.1	Community Meeting Room (80 occ)	1,541	1	1,079	1,079	
2.2	Catering Kitchen	128	1	90		90
2.3	Community Room Storage	229	1	160		160
2.4	Large Meeting Room (8-12 occ)	323	1	226	226	
2.5	Literacy/Multipurpose Meeting Room	680	1	476	476	
2.6	Maker Room	824	1	577	577	
2.8	Small Study (1-2 occ)	78	2	109	109	
2.9	Med Study (4 occ)	113	2	158	158	
<b>3. TEEN</b>						
				<b>474</b>	<b>474</b>	<b>0</b>
3.1	Teen Room	677	1	474	474	
<b>4. CHILDREN AND FAMILY</b>						
				<b>2,732</b>	<b>2,377</b>	<b>356</b>
4.1	Children's Library	3,395	1	2,377	2,377	
4.2	Children's Stacks	360	1	252		252
4.3	Storage	148	1	104		104
4.4	Family Restroom	164	1	0		
<b>5. ADULT COLLECTION</b>						
				<b>6,045</b>	<b>5,709</b>	<b>336</b>
5.1	Collections	7,651	1	5,356	5,356	
5.2	Adult Stacks	480	1	336		336
5.10	Quiet Reading Room	505	1	354	354	
5.8	Restrooms (single occ)	77	2	0		
<b>6. STAFF AREA</b>						
				<b>1,194</b>	<b>835</b>	<b>358</b>
6.1	Collection Processing Room	286	1	200	200	
6.3	Staff Open Office +& Work Area	810	1	567	567	
6.4	Manager's Office	97	1	68	68	
6.5	Staff Break Area	215	1	151		151
6.6	Storage	129	1	90		90
6.7	Staff Wellness Room/Mothers Room	79	1	55		55
6.8	Staff Restroom w/Shower	89	1	62		62
<b>7. SUPPORT SPACES</b>						
				<b>538</b>	<b>0</b>	<b>538</b>
7.1	IT Room	191	1	134		134
7.2	Custodial	0	1	0		
7.3	Mechanical/Electrical	295	1	207		207
7.4	Elevator	282	1	197		197
<b>BUILDING TOTALS</b>						
Total ASF		16,657				
Grossing Factor/Building Efficiency Factor		0.70				
<b>TOTAL GSF</b>		<b>23,796</b>				
<b>PARKING CAPACITY</b>						
Total ASF				16,657	14,820	1,838
Area Subject to Parking Calculation					14,820	
Parking Ratio					1 to 400	
<b>TOTAL PARKING SPACES REQUIRED</b>					<b>37</b>	

CHILDREN'S RESTROOM  
115 SF  
ANCILLARY

MAKER SPACE  
577 SF  
OCCUPIED

STORAGE  
104 SF  
ANCILLARY

ELEVATOR SERVICE  
39 SF  
ANCILLARY

TEEN'S AREA  
474 SF  
OCCUPIED

LOBBY  
2800 SF  
OCCUPIED

MANAGER'S OFFICE  
68 SF  
OCCUPIED

COLLECTIONS  
PROCESSING ROOM  
200 SF  
OCCUPIED

STAFF WELLNESS  
55 SF  
ANCILLARY

STAFF OFFICE &  
WORK AREA  
567 SF  
OCCUPIED

STAFF RESTROOM  
62 SF  
ANCILLARY

STAFF BREAK ROOM  
151 SF  
ANCILLARY

STAFF STORAGE  
90 SF  
ANCILLARY

CHILDREN'S LIBRARY  
2377 SF  
OCCUPIED

ELEVATOR  
60 SF  
ANCILLARY

MEN'S RESTROOM  
144 SF  
ANCILLARY

WOMEN'S RESTROOM  
165 SF  
ANCILLARY

COMMUNITY ROOM  
1079 SF  
OCCUPIED

COMMUNITY ROOM  
STORAGE  
160 SF  
ANCILLARY

ELECTRICAL  
207 SF  
ANCILLARY

CATERING KITCHEN  
90 SF  
ANCILLARY

1 01 - FLOOR PLAN - 1ST LEVEL - PARKING  
A2.25 1/16" = 1'-0"

LARGE STUDY  
ROOM  
226 SF  
OCCUPIED

ELEVATOR SERVICE  
39 SF  
ANCILLARY

QUIET READING  
354 SF  
OCCUPIED

ELEVATOR  
60 SF  
ANCILLARY

MEDIUM STUDY  
ROOM  
71 SF  
OCCUPIED

MEDIUM STUDY  
ROOM  
87 SF  
OCCUPIED

IT ROOM  
134 SF  
ANCILLARY

SMALL MEETING  
ROOM  
55 SF  
OCCUPIED

SMALL MEETING  
ROOM  
54 SF  
OCCUPIED

RESTROOM  
53 SF  
ANCILLARY

RESTROOM  
55 SF  
ANCILLARY

LITERACY  
476 SF  
OCCUPIED

COLLECTIONS  
5356 SF  
OCCUPIED

2 02 - FLOOR PLAN - 2ND LEVEL - PARKING  
A2.25 1/16" = 1'-0"

SEAL  
**DRAFT!  
NOT FOR  
CONSTRUCTION**

APPROVALS

PROJECT TITLE

City of East Palo Alto  
East Palo Alto  
Library

Enter address here

Project Status

ISSUE DATE 1/9/2025

N&T JOB NUMBER #####

REVISIONS  
DATE DESCRIPTION

SHEET TITLE  
PARKING - 1ST FLOOR

SHEET NUMBER

**A2.25**



# **EAST PALO ALTO CITY COUNCIL STAFF REPORT**

---

**DATE:** March 4, 2025  
**TO:** Honorable Mayor and Members of the City Council  
**VIA:** Melvin E. Gaines, City Manager  
**BY:** Shiri Klima, Assistant City Manager  
Ana M. Torres-Mondragon, Human Resources Manager  
**SUBJECT:** Recruitment and Retention Incentive Plan for Hard-to-Fill Positions

---

## **Recommendation**

Adopt a resolution:

1. Establishing the City of East Palo Alto's Recruitment and Retention Incentive Plan with sign-on bonuses as presented in the three union Side Letter Agreements, Police Captain, and a 10% base salary increase to the Chief Building Official position as shown in the Compensation Schedule Exhibit D;
2. Finding that the proposed actions being considered do not constitute a "Project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(4), because these are fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

## **Alignment with City Council Strategic Plan**

This recommendation is primarily aligned with:

Priority No. 1: Enhance Public Safety and Emergency Preparedness  
Priority No. 3: Increase Organizational Effectiveness and Efficiency

## **Background**

The City launched a formal Recruitment and Retention Program through a Side Letter agreement with the Police Officer's Association (POA) on December 6, 2022, retroactive to July 1, 2022. With this program, which expired on June 30, 2024, the City successfully filled 15

## **POLICY AND ACTION 9.2**

Police Officer vacancies, demonstrating its effectiveness. Additionally, City Council's approval of HR support funds enabled the City to conduct concurrent recruitments, which further assisted the City to reduce vacancy rates – except for in the hard-to-fill positions outlined in this report.

Despite ongoing recruitment efforts, the Police Department (Patrol Division), Community and Economic Development Department (Building Division), and City Manager's Office (Community Services Division), continue to struggle with critical staffing shortages. This adversely impacts daily operations and responses to City Council and community requests.

The City has faced significant challenges in recruiting and retaining qualified applicants in the following hard-to-fill positions:

- Police Captain
- Police Officer
- Chief Building Official
- Shuttle Van Driver

Persistent recruitment challenges have led to understaffing, increased workloads, and inefficient service delivery. Traditional recruitment methods have failed to attract a diverse, highly qualified talent pool. Like for the recruitment of Police Officer positions, the implementation of a Recruitment and Retention Program with sign-on bonuses could also be an effective strategy to improve recruitment for other hard to fill positions. Staff propose an expanded Recruitment and Retention Program to provide an additional tool to help recruit and retain employees for hard-to-fill positions.

### **Analysis**

#### **Challenges and Strategies to Address Challenges**

- Police Recruitments - a Nationwide Challenge.  
Law enforcement agencies across the country face increasing difficulty in recruiting and retaining officers due to changing laws, growing responsibilities, and heightened accountability measures. According to “the State of Recruitment: a Crisis for Law Enforcement” by the International Association of Chiefs of Police, across the United States, 78% of police agencies reported having difficulty in recruiting qualified candidates and 65% of agencies reported having too few candidates applying to be law enforcement officers, indicating a nationwide recruitment trend in this field. With a shrinking talent pool, agencies must offer competitive incentives to attract qualified candidates committed to public service.  
Due to retirements, injuries, and other reasons, the City has a Captain vacancy, four Police Officer vacancies, three recruits in the Police Academy, and four police officers on leave. In addition to the Captain position, the Police Department is operating without eleven of thirty-three sworn Police Officer positions authorized in the budget. The City must recruit at least four new police officers and a captain.

## **POLICY AND ACTION 9.2**

Additionally, two police officers were promoted from the Police Academy and three police recruits have joined the City and entered the Police Academy since the City/POA Recruitment and Retention Program agreement expired June 30, 2024. The two police officers became City employees prior to June 30, 2024, however, did not complete the Academy until after June 30. Thus, they did not receive the recruitment bonus.

- **Chief Building Official – Intense Regional Competition.**  
A wave of retirements has created a shortage of qualified Chief Building Officials, leading to fierce competition among local governments. To stay competitive, the City is implementing a two-phase strategy: 1: a salary adjustment model based on benchmark cities, ensuring that our base pay aligns competitively; and 2: a Recruitment and Retention sign-on bonus strategy. This two-phase strategy should help the City attract top talent, particularly with expanded marketing efforts. Previous Chief Building Official recruitments have yielded applicants from outside of the Bay Area who requested relocation benefits. This incentive will be a tool the City can use to secure applicants with such needs.
  
- **Shuttle Van Driver – Persistent Vacancy**  
The part-time Shuttle Van Driver position has remained unfilled for two years, straining the Community Services Division and disrupting essential senior programs and services. The City is competing against Google and the Ravenswood School District who offer full time work offering higher pay and benefits. The incentive bonus will help attract applicants that are looking for supplemental wages and work. A targeted incentive to recruit candidates for this position could help the City fill this role and ensure continuity in vital senior services.

### **Recruitment and Retention Program Details**

Staff proposes the following Recruitment and Retention Program and a base pay increase for the Chief Building Official position:

<b>Department</b>	<b>Classification</b>	<b>Current Base Pay</b>	<b>Sign-on Bonus</b>	<b>Base Pay Increase</b>
Police	Police Captain	\$221,393.25	\$30,000	-
Police	Police Officer	\$138,925.63 (Step G)	\$30,000	-
Community & Economic Development	Chief Building Official	\$168,594.94	\$22,500	10%
City Manager's Office/ Community Services	Shuttle Van Driver (PT)	\$30,731.67	\$7,500	-

**Bonus Structure:**

- **Police Officers** – \$10,000 after successfully completing the Field Training Program, \$10,000 after passing probation, and \$10,000 after thirty-six months in paid status..
- **Police Captains** – \$10,000 upon hiring, \$10,000 after probation, and \$10,000 at the two-year mark.
- **Shuttle Van Drivers** – \$2,500 upon hiring, \$2,500 after probation, and \$2,500 after one year.
- **Chief Building Official** – \$7,500 upon hiring, \$7,500 after one year, and one-third after two years.

The proposed Recruitment and Retention Program would run through June 30, 2027, offering non-pensionable sign-on bonuses to newly hired or promoted employees in hard-to-fill positions. This initiative aims to attract talent, support employee growth, and maintain essential services.

Additionally, any Police Officers promoted from Police Recruit between July 1, 2024, and the present will receive a one-time retroactive promotion bonus and be eligible for the probation and one year bonuses retention bonuses. By implementing these strategic incentives, the City aims to reduce vacancies, enhance service delivery, and strengthen employee retention in a competitive job market.

**Fiscal Impact**

No additional appropriation is requested at this time. Salary savings will fund the retroactive bonuses for the two recently promoted police officers. In FY 2024-25, salary savings will be used to provide sign-on bonuses to any new employees hired to hard-to-fill positions as well as the base pay increase for the Chief Building Official. The proposed FY 2025-26 budget will include funds for the Recruitment and Retention Incentive Plan.

**Public Notice**

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

**Environmental**

The action being considered by the City Council is exempt from the California Environmental Quality Act (CEQA) because it is not a "project" pursuant to 15378(b)(4) because it is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

**Government Code § 84308**

**Applicability of Levine Act:** No, as the proposed action does not involve an entitlement.

## **POLICY AND ACTION 9.2**

**Analysis of Levine Act Compliance:** Not applicable.

### **Attachments**

1. Resolution
2. Exhibit A: Service Employee International Union, Local 521 (SEIU) Side Letter Agreement for the Recruitment and Retention Program (*pending*)
3. Exhibit B: Police Officers' Association (POA) Side Letter Agreement for the Recruitment and Retention Program (*pending*)
4. Exhibit C: Management Employee's Association (MEA) Side Letter Agreement for the Recruitment and Retention Program (*pending*)
5. Exhibit D: Compensation Schedule

**Exhibit A:**

**Exhibit D:**

<b>Proposed :</b>						
<b>Chief Building Official (MEA)</b>						
		<b>Step A</b>	<b>Step B</b>	<b>Step C</b>	<b>Step D</b>	<b>Step E</b>
Hourly		73.3528	77.0204	80.8715	84.9150	89.1608
Bi-Weekly		5,868.22	6,161.64	6,469.72	6,793.20	7,132.86
Monthly		12,714.49	13,350.21	14,017.72	14,718.61	15,454.54
Annual		152,573.82	160,202.51	168,212.64	176,623.27	185,454.44

**RESOLUTION NO. XX– 2025**

**A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF EAST PALO ALTO**

**APPROVING A RESOLUTION ESTABLISHING THE CITY OF EAST PALO ALTO'S  
RECRUITMENT AND RETENTION INCENTIVE PLAN WITH SIGN-ON BONUSES AS  
PRESENTED IN THE THREE SIDE LETTER AGREEMENTS, FOR POLICE CAPTAIN, AND  
10% BASE INCREASE AS SHOWN IN THE COMPENSATION SCHEDULE IN EXHIBIT D.**

**WHEREAS**, persistent recruitment challenges have led to understaffing, increased workloads, and inefficient service delivery; and

**WHEREAS**, traditional recruitment methods have failed to attract a diverse, highly qualified talent pool in particular hard-to-fill positions; and

**WHEREAS**, according to “the State of Recruitment: a Crisis for Law Enforcement” by the International Association of Chiefs of Police, across the United States, 78% of police agencies reported having difficulty in recruiting qualified candidates and 65% of agencies reported having too few candidates applying to be law enforcement officers, indicating a nationwide recruitment trend in this field; and

**WHEREAS**, there is also a widespread shortage of building officials, and in our region, there has been a wave of retirements in this field, yielding fierce recruitment competition; and

**WHEREAS**, the City is competing against Google and the Ravenswood School District who offer full time work offering higher pay and benefits. The incentive bonus will help attract applicants that are looking for supplemental wages and work. A targeted incentive to recruit candidates for this position could help the City fill this role and ensure continuity in vital senior services; and

**WHEREAS**, the City launched its formal Recruitment and Retention Program through a Side Letter agreement with the Police Officer's Association (POA) on December 6, 2022, retroactive to July 1, 2022. This program, which expired on June 30, 2024, successfully filled 15 Police Officer vacancies, demonstrating its effectiveness, but vacancies persist in the Police Department; and

**WHEREAS**, in surveying our base compensation schedule versus those of other comparable cities, the City's Chief Building Official earned an average of 13% less than such cities, such that there is a compelling argument for raising this position's base salary by 10%.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of East Palo Alto hereby:

1. Finds the foregoing recitals are true and correct, and incorporates these recitals by this action.
2. Establishes the City of East Palo Alto's Recruitment and Retention Incentive Plan with sign-on bonuses as presented in the three union Side Letter Agreements in Exhibit A, B, C, all three of which are attached herein and incorporated by this reference, and \$30,000 for the Police

Captain.

3. Increases the base pay of the Chief Building Official by 10% at each step, as shown in the Compensation Schedule in Exhibit D, which is attached herein and incorporated by this reference;
4. Finds that the proposed actions being considered do not constitute “Projects” within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378(b)(4), because these are fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

**PASSED AND ADOPTED** this 4<sup>th</sup> day of March 2025, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
Martha Barragan. Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
James Colin, City Clerk

\_\_\_\_\_  
John D. Lê, City Attorney



# **EAST PALO ALTO CITY COUNCIL STAFF REPORT**

---

**DATE:** March 4, 2025  
**TO:** Honorable Mayor and Members of the City Council  
**BY:** Melvin E. Gaines, City Manager  
**SUBJECT:** Authorization to Execute Soil Stockpiling Agreement with Sycamore Real Estate Investment LLC and P. Kavanagh Construction Co.

---

## **Recommendation**

By resolution:

1. Authorize the City Manager to negotiate and execute a Soil Stockpiling Agreement with Sycamore Real Estate Investment LLC and P. Kavanagh Construction Co.
2. Direct the City Manager to deposit all funds from the agreement into a segregated account dedicated to parks and recreation projects, unless otherwise directed by the City Council to allocate funds toward other uses; and
3. Find the action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(4), in that it is a fiscal activity that will not result in direct or indirect changes in the environment.

## **Alignment with City Council Strategic Plan**

This recommendation is primarily aligned with:

Priority: Ensure Our Financial and Organizational Health

Priority: Enhance Community Services and Parks for Residents

## **Background**

The City's 2023 Parks Master Plan identifies over \$10 million in equipment replacements and more than \$3 million in capital improvements across several parks, including Cooley Landing, Jack Farrell, Joel Davis Memorial, and Newbridge Street Pocket Park. Major projects such as Martin Luther King Jr. Park and Bell Street Park improvements require an estimated \$22 million and \$15 million, respectively. The total planned park improvements exceed \$50 million.

## **POLICY AND ACTION 9.3**

To help fund these improvements, the City explored partnerships with Landify, a soil disposal and land development company. Landify proposed using soil from regional development sites to reshape East Palo Alto parks, with a portion of tipping fees allocated to fund park improvements. However, limited space in existing parks made this approach unfeasible.

Instead, the City proposed an alternative - directing Landify's soil deliveries to development sites in the Ravenswood Business District (RBD) needing elevation increases. The City would then receive a share of the tipping fees. With Landify's agreement, the City organized conversations with Landify and RBD landowners. After discussions, Sycamore Real Estate Investment opted to work with P. Kavanagh Construction Co. to manage soil stockpiling and include the City in revenue sharing.

Under the proposed agreement, P. Kavanagh will deposit approximately 150,000 cubic yards of fill at Sycamore's property at 391 Demeter Street, generating financial benefits for the City through a share of tipping fees.

East Palo Alto City Council Resolution 5196 –019 (Attachment 2) established an administrative policy which requires the City Council to approve the City's acceptance of any monetary or in-kind contribution valued at \$5,001 or higher. This report discusses the agreement details and staff's recommendations to enter the agreement and for the City to accept and restrict resulting funds for parks and recreation uses.

### **Analysis**

#### **Key Agreement Provisions**

##### **P. Kavanaugh Construction Co. Responsibilities**

- Deposit clean fill at 391 Demeter Street following BKF Engineering's soil stockpiling plan.
- Comply with all applicable laws, regulations, and the site's Risk Management Plan (RMP).
- Secure necessary permits and undergo regular City inspections.
- Maintain the stockpile, ensuring dust control, street sweeping, and environmental compliance.

##### **Clean Fill Standards**

- Fill must meet the RMP's specifications, be free of hazardous materials, and undergo pre-deposition testing.
- P. Kavanagh guarantees the fill's quality and proper stockpiling procedures.
- Any defects or non-compliance must be corrected at no cost to the City or Sycamore.

##### **Financial Arrangements**

- P. Kavanagh collects tipping fees ranging from \$175 to \$300 per truckload.
- Net Tipping Fees (Total Revenues minus Monthly Tipping Costs) will be allocated as follows:

## **POLICY AND ACTION 9.3**

1. Cover P. Kavanagh's Monthly Tipping Costs.
  2. Reimburse Sycamore's Upfront and Monthly Costs.
  3. Distribute 90% of the remaining funds to the City, with P. Kavanagh retaining 10%.
- Monthly financial reports will document revenues, expenses, and disbursements.
  - The City has no financial obligations under this agreement.
  - At \$175 per truckload, the City is estimated to receive \$600,000. At \$300 per truckload, the estimate increases to \$1.03 million.

### **Operational & Environmental Considerations**

- The City will conduct periodic inspections to ensure compliance with stockpiling regulations and the Stormwater Pollution Prevention Plan (SWPPP).
- The agreement mandates best management practices (BMPs) to minimize environmental impact.
- Sycamore and P. Kavanagh are responsible for addressing any operational disruptions.

### **Potential Risks and Considerations**

1. **Revenue Uncertainty:** Fluctuating Tipping Fees could impact City revenue under the agreement.
2. **Compliance Risk:** Ensuring adherence to Clean Fill standards and environmental regulations.
3. **Operational Delays:** Interruptions in soil deliveries could extend timelines and affect financial projections.

### **Conclusion & Recommendations**

1. The agreement offers a structured financial benefit to the City with minimal risk. Staff recommends City Council authorize the City Manager to finalize and execute the agreement.
2. Given that this initiative originated as a strategy to fund park improvements, staff recommends directing all generated funds into a dedicated parks and recreation account, with City Council managing fund allocation. These funds would be general funds, therefore the City Council could reallocate the funds to other uses as they see fit.

### **Fiscal Impact**

The Agreement provides a new revenue stream for the City, dependent on:

- The volume of Clean Fill deposited.
- Market fluctuations in excavation and Tipping Fees.
- Monthly Tipping Costs incurred by the P. Kavanagh.
- Outstanding balances on Sycamore's upfront and monthly costs.

## **POLICY AND ACTION 9.3**

The City is entitled to 90% of net tipping fees after deductions. While revenue depends on the project's profitability, the agreement ensures no financial liability for the City. Based on tipping fees of \$175 per truckload, the City's share is projected at \$600,000, with potential earnings reaching \$1.03 million if fees rise to \$300 per truckload. Staff recommend restricting the revenues for parks and recreation uses.

### **Public Notice**

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

### **Environmental**

The action being considered by the City Council is exempt from the California Environmental Quality Act (CEQA) because it is not a "project" pursuant to 15378(b)(4) because it is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

### **Government Code § 84308**

**Applicability of Levine Act:** Yes.

Analysis of Levine Act Compliance: The potential signatories for the agreement are Shane M. Kavanaugh, Vice President of P. Kavanaugh Construction, Inc. and Austin Stewart, Authorized Agent for Sycamore Real Estate Investment, LLC. Staff is unaware of any other parties or participants relevant to the Council's consideration of this item.

### **Attachments**

1. Resolution.
2. Donation Acceptance Policy

**RESOLUTION NO. XX– 2025****A RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF EAST PALO ALTO****AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A SOIL STOCKPILING  
AGREEMENT WITH SYCAMORE REAL ESTATE INVESTMENT, LLC AND P. KAVANAGH  
CONSTRUCTION CO., AND DIRECTING THE DEPOSIT OF FUNDS INTO A SEGREGATED ACCOUNT  
FOR PARKS AND RECREATION PROJECTS**

**WHEREAS**, The City of East Palo Alto's 2023 Parks Master Plan identifies over \$50 million in necessary park improvements, including over \$10 million in equipment replacements and more than \$3 million in capital improvements across Cooley Landing, Jack Farrell, Joel Davis Memorial, and Newbridge Street Pocket Park, with major projects such as Martin Luther King Jr. Park (\$22 million) and Bell Street Park (\$15 million) requiring substantial funding; and

**WHEREAS**, in seeking innovative funding solutions, the City explored a partnership with Landify, a soil disposal and land development company, to use soil from regional development sites for reshaping East Palo Alto parks, but space constraints rendered the approach unfeasible; and

**WHEREAS**, instead, the City proposed an alternative strategy to direct Landify's soil deliveries to development sites in the Ravenswood Business District (RBD) needing elevation increases, thereby securing a share of tipping fees as revenue for park improvements; and

**WHEREAS**, following discussions, Sycamore Real Estate Investment LLC and P. Kavanagh Construction Co. agreed to a Soil Stockpiling Agreement at 391 Demeter Street, generating financial benefits for the City through a revenue-sharing arrangement based on tipping fees; and

**WHEREAS**, under the agreement, P. Kavanagh will deposit approximately 150,000 cubic yards of clean fill at the site, with 90% of net tipping fees directed to the City, potentially generating between \$600,000 and \$1.03 million for park improvements, depending on market conditions; and

**WHEREAS**, the City will incur no financial obligations under this agreement and will conduct periodic inspections to ensure compliance with environmental regulations, clean fill standards, and best management practices (BMPs); and

**WHEREAS**, directing the proceeds from this agreement into a dedicated parks and recreation account ensures transparency, accountability, and alignment with the City's long-term investment in public spaces; and

**WHEREAS**, these proceeds would be general funds, therefore the City Council maintains the ability redirect funds through future resolutions.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of East Palo Alto hereby:

1. Finds the foregoing recitals are true and correct, and are incorporated by this reference into this action;
2. Authorizes the City Manager to negotiate and execute a Soil Stockpiling Agreement with Sycamore Real Estate Investment LLC and P. Kavanagh Construction Co. for soil stockpiling at 391 Demeter Street under terms that serve the best interests of the City.
3. Directs the City Manager to deposit all funds received from the agreement into a segregated account exclusively dedicated to parks and recreation projects. The City Council shall oversee and

allocate these funds as needed to support priority park improvements, unless otherwise directed by the City Council to allocate funds toward other uses.

4. Finds the action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(4), in that it is a fiscal activity that will not result in direct or indirect changes in the environment.

**PASSED AND ADOPTED** this day of 2025, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

\_\_\_\_\_  
Martha Barragan, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
James Colin, City Clerk

\_\_\_\_\_  
John D. Lê, City Attorney

RESOLUTION NO. 5196

A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF EAST PALO ALTO

ADOPTING A CITY DONATION ACCEPTANCE POLICY.

WHEREAS, the City of East Palo Alto occasionally receives offers of donation from private individuals and entities seeking to further the mission and objectives of the City; and

WHEREAS, the current practice of the City is to have the City Council approve all donations by resolution; and

WHEREAS, the Council has expressed an interest in formalizing the City's process for accepting donations from private individuals and entities by establishing a written policy.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY adopts the City Donation Acceptance Policy, as set forth in Exhibit A to this Resolution and incorporated by this reference.

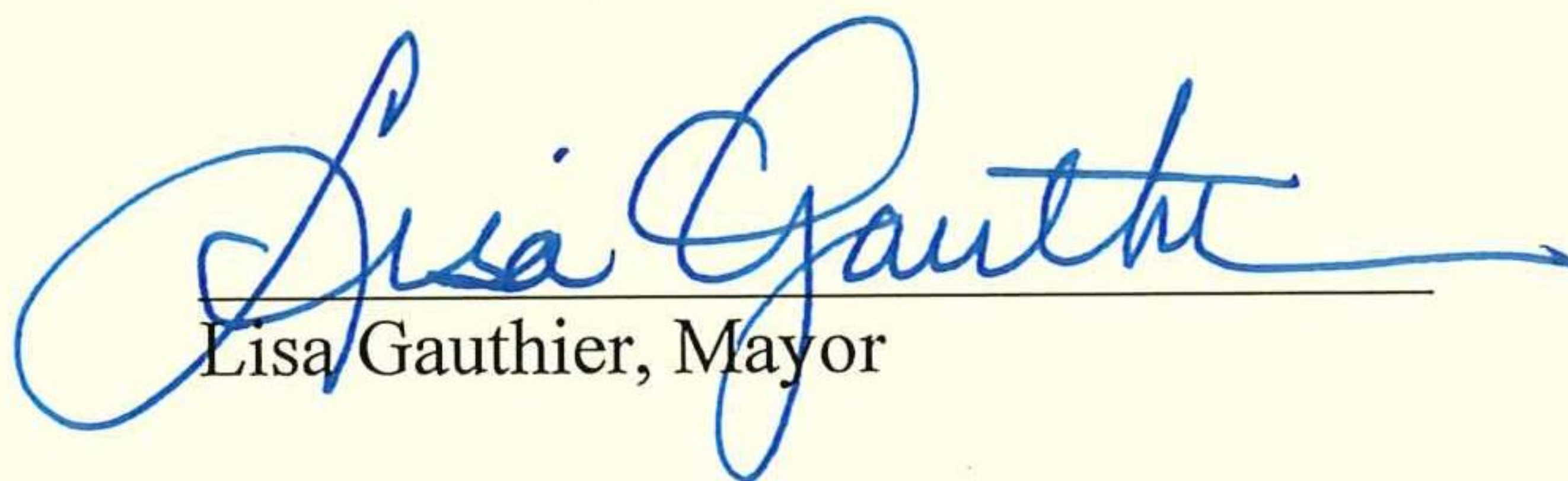
PASSED AND ADOPTED this 3<sup>rd</sup> day of December 2019, by the following vote:

AYES:            *ABRICA, ROMERO, WALLACE-JONES, GAUTHIER.*

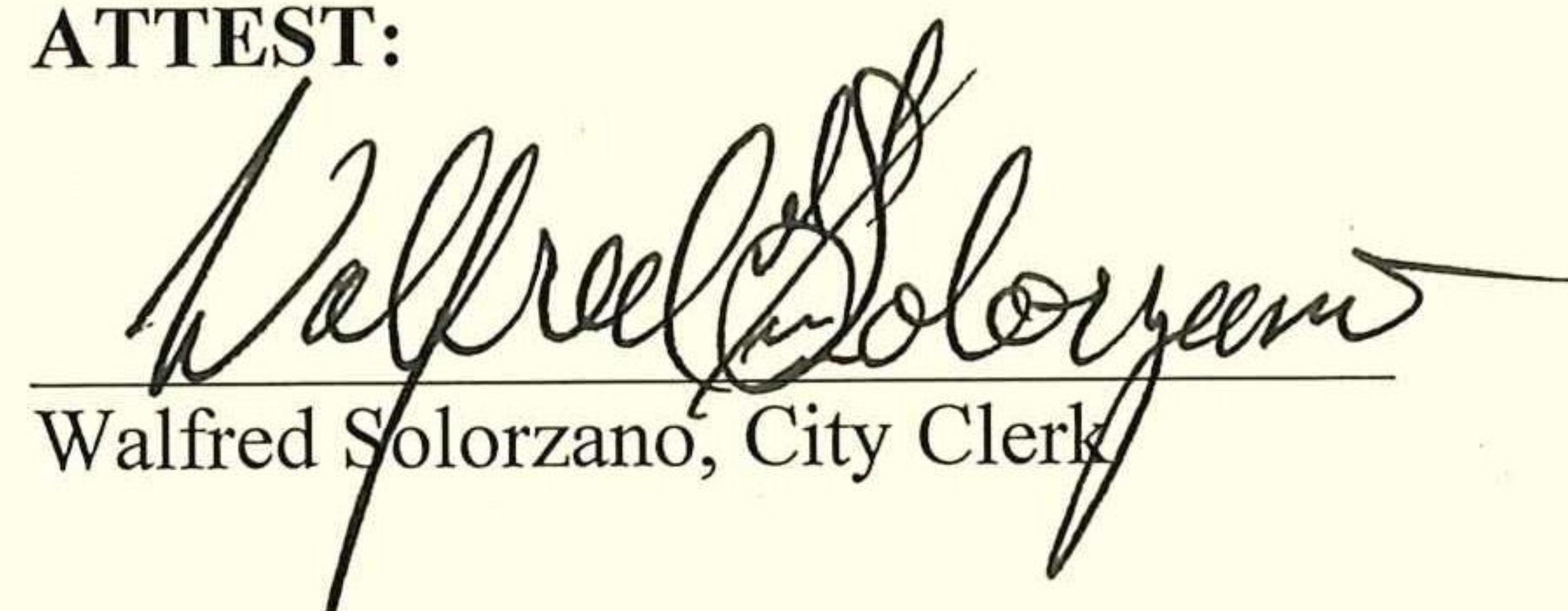
NOES:

ABSENT:        *MOODY*

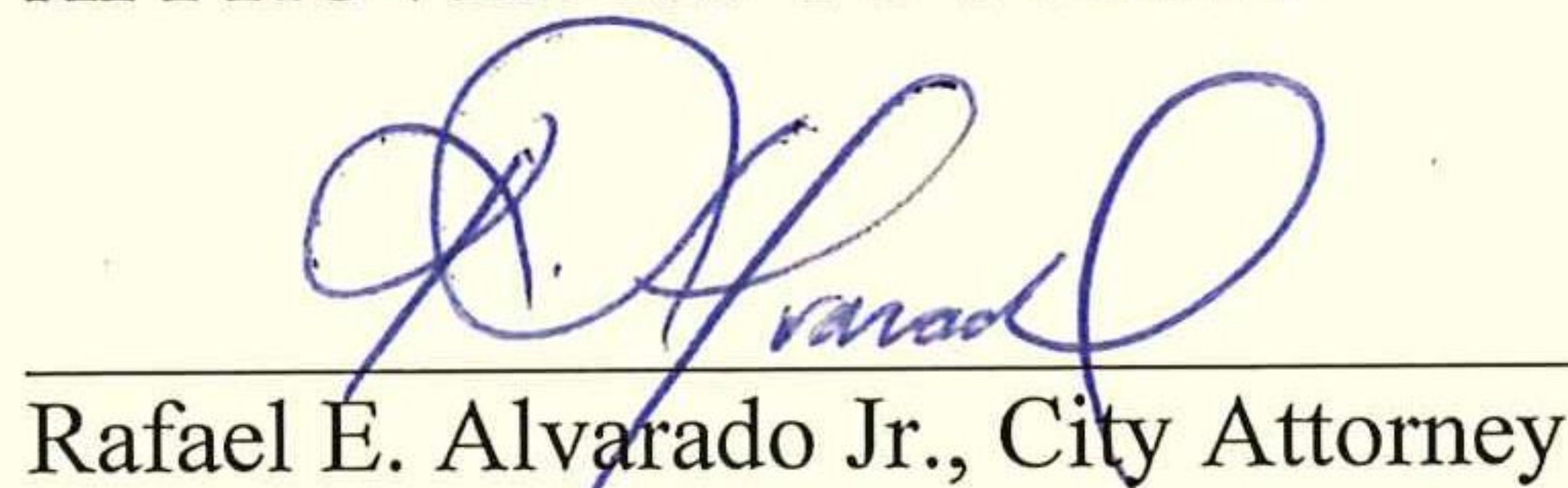
ABSTAIN:


  
\_\_\_\_\_  
Lisa Gauthier, Mayor

ATTEST:

  
\_\_\_\_\_  
Walfred Solorzano, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Rafael E. Alvarado Jr., City Attorney

	<p><b>ADMINISTRATIVE POLICY</b></p>	
<p><b>SUBJECT: DONATION ACCEPTANCE POLICY</b></p>		
		<p>EFFECTIVE DATE:</p>

**SECTION 1: POLICY**

This policy shall be referred to as the “City of East Palo Alto Donation Acceptance Policy.”

**SECTION 2: PURPOSE**

The purpose of this policy is to provide guidelines for accepting gifts and donations on behalf of the City in a responsible, transparent, and accountable manner that is consistent with the City’s strategic goals.

**SECTION 3: APPLICABILITY**

This policy applies to the City Council, City departments, and City employees.

**SECTION 4: DEFINITIONS**

- A. Donation: A monetary (cash) contribution, endowments, personal property, real property, financial securities, equipment, in-kind goods or services, or any other asset that the City has accepted and for which the donor has not received any goods or services in return. For purposes of this Council Policy, the terms “donation” and “gift” shall be synonymous.
- B. Donor: A person or other legal entity that proposes or provides a donation to the City.
- C. In-Kind Contribution: A contribution of equipment, materials or services which would serve a useful purpose in the provision of City services.
- D. Restricted Donation: A donation that is designated at donor request for a specific City department, location, or purpose.
- E. Unrestricted Donation: A donation to the City without any limitations placed upon its use.

**SECTION 5: GENERAL RULES FOR DONATIONS**

- A. City officials and employees shall only accept donations pursuant to and as authorized by this policy.
- B. Donations shall only be accepted when the donation has a purpose consistent with the City’s goals,

objectives, and are in the best interest of the City.

- C. Donations shall not become the property of the City until accepted by the City consistent with this policy.
- D. The City shall use the donation for official City business, and not for political activities or for the personal financial gain of any City elected or appointed official or employee.
- E. Prior to acceptance of a donation, the City shall:
  - 1. Evaluate all donations to determine whether the donation is in the City's best interest and is consistent with applicable City laws, policies, ordinances, and resolutions; and
  - 2. Determine whether an expenditure of City funds, either a direct outlay of City funds or the use of City forces and materials, is associated with or required by acceptance of the donation.
- F. A donor may restrict a donation to a particular City department, location or purpose, but not designate the City official who may use the donation
- G. If required, the City shall report a donation made to the City to the Fair Political Practices Commission (FPPC) in accordance with the timelines and directives described in title 2, section 18944 of the California Code of Regulations.
- H. The City does not provide legal, accounting, tax or other such advice to donors. Each donor is responsible for ensuring the donor's proposed donation meets and furthers the donor's charitable, financial, and estate planning goals.

## **SECTION 6: DONATIONS OF CASH, PERSONAL PROPERTY, FINANCIAL SECURITIES OR IN-KIND CONTRIBUTIONS**

### **A. City Council Approval:**

- 1. The Rule: Donations of cash, personal property, financial securities, or an in-kind contribution with an aggregate value of \$5,001 or greater shall be submitted to the City Council for review.
- 2. Resolution: Upon receipt of the offer of donation, the City Manager shall seek a resolution from the City Council authorizing the City to accept the donation.

### **B. City Manager Approval:**

- 1. The Rule: Donations of cash, personal property, financial securities, or an in-kind contribution with an aggregate value of \$5,000 or less may be accepted by the City Manager if the donation meets the following conditions:
  - a. The donation is in the City's best interest and is consistent with applicable City laws, policies, ordinances, and resolution;
  - b. The donation does not obligate the City to make an expenditure(s) which has not been included in the approved City budget; and
  - c. If the donation requires the City to make an expenditure(s) which has not been included in the approved City budget, the City Manager shall seek City Council approval as set forth in

## Section 6A.

2. Discretion: The City Manager may choose to request City Council consideration of any donation within the City Manager's authority. Furthermore, the City Manager may consult with the Mayor in determining whether a donation within the City Manager's authority is in the City's best interest.
- C. Donation Agreement: Donations of cash, personal property, financial securities, or an in-kind contribution with an aggregate value of \$5,001 or greater shall be accepted through written donation agreement consistent with these guidelines and approved by the City Council. The City Manager may require a donation agreement for donations valued within the City Manager's authority.

## SECTION 7: DONATIONS OF REAL PROPERTY

- A. City Council Approval: Donations of real property shall be submitted to the City Council for review. The City Council may accept the donation upon completion of the process set forth in this section.
- B. Staff Report: City staff shall provide the City Council with the following information:
1. The appraised value of the donation;
  2. Any expenditures or maintenance obligations for the City associated with the donation;
  3. Potential liabilities associated with the donation, such as hazardous conditions or environmental concerns;
  4. A statement regarding whether the donation has any special restrictions, and if so, whether those restrictions are acceptable to the City; and
  5. Any recommendations for conditions of acceptance.
- C. Determination: If the City Council determines that that acceptance is in the City's best interest and is consistent with applicable City laws, policies, ordinances, and resolutions, the Council shall accept the donation by resolution.
- D. Donation Agreement: Donations of real property shall be accepted through written donation agreement consistent with these guidelines and approved by the City Council.
- E. Interests in Real Property: Pursuant to Resolution No. 4498 and California Government Code section 27281, the City Manager or the City Manager's designee is authorized to:
1. accept on behalf of the City all deeds and/or grants conveying to the City for any public purpose any interest in or easement upon real property; and
  2. consent to on behalf of the City all irrevocable offers of dedications to the City of real property for any public purpose, including but not limited to, streets, highways, paths, alleys, access rights and abutters' rights, drainage, open space, public utility or other easements, parks or other public places.

## SECTION 8: ACKNOWLEDGEMENT OF DONATIONS

- A. Donation Acceptance Form: The City Manager or City Manager's designee shall complete a Donation

Acceptance Form for all donations provided to the City.

- B. City Manager Report: The City Manager shall prepare a report of all donations received by the City and present it to the City Council on an annual basis.
- C. City Manager Acknowledgment: The City Manager shall acknowledge the donation in writing and transmit the acknowledgement to the donor.
- D. Public Record: The Donor Acceptance Form, including the donor names and donation amounts, are public information subject to disclosure pursuant to the California Public Records Act:
- E. Record Retention: Each original Donation Acceptance Form shall be retained by the City Clerk's Office consistent with the City's Record Retention Policy.

## **SECTION 9: DISTRIBUTION OF DONATION**

- A. Personal Property: The City Manager or City Manager's designee shall distribute donated personal property to the designated City department(s) for use consistent with this policy.
- B. Restricted Cash: Restricted cash donations shall be deposited into the appropriate revenue account for the designated City department.
- C. Unrestricted Cash: Donations of cash shall be deposited into the City's General Fund donation account and appropriated at the discretion of the City Council.
- D. Financial Securities: Donations of publicly-traded equity and debt securities shall be immediately sold upon receipt in the City's designated brokerage account. The sales proceeds are then transferred from the City's brokerage account to its depository bank account.

## **SECTION 10: DECLINED DONATIONS**

- A. Declining a Donation: The City has no obligation to accept any donation proposed by a donor and may decline a donation with comment or cause.
- B. Notification: The City Manager shall notify a donor(s) in writing of the City's decision to decline the offer of donation.