

City of Culver City

Parks and Recreation Facilities Development Impact Fee Study

Final Report

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Executive Summary

The City of Culver City retained NBS Government Finance Group to prepare this study to analyze the impacts of new development on the City's parks and recreation facilities and to calculate impact fees based on that analysis. The methods used in this study are intended to satisfy all legal requirements of the U.S. Constitution, the California Constitution and the California Mitigation Fee Act (Government Code Sections 66000 et seq.) and the Quimby Act (Government Code Section 66477) where applicable.

Organization of the Report

Chapter 1 of this report provides an overview of the legal requirements for establishing and imposing such fees, and methods that can be used to calculate impact fees.

Chapter 2 contains data on existing and future residential development used in this report.

Chapter 3 analyzes the impacts of development on park land and park improvements and calculates park land in-lieu fees, park land impact fees, and park improvement impact fees.

Chapter 4 analyzes the impacts of development on community center and recreation facilities and calculates impact fees for those facilities.

Chapter 5 contains recommendations for adopting and implementing impact fees, including suggested findings to satisfy the requirements of the Mitigation Fee Act.

Appendix A to this report provides a comparison of Culver City's existing and proposed park impact fees to the cities of: Beverly Hills, Burbank, Los Angeles, Monterey Park, Santa Monica, West Hollywood, Arcadia, Manhattan Beach, Pasadena, Glendale, Inglewood, Hawthorne, and Gardena. The purpose of the comparison is to provide a sense of the regional and/or comparable pricing for impact fees, and to use that information to gauge the impact of recommendations for fee adjustments. It should be noted that comparisons to other agencies do not provide information about the cost recovery policies or procedures followed in relation to their impact fees. A "market based" decision to price services below the maximum impact fee calculation, is the same as deciding to subsidize that service. Survey efforts are sometimes also non-conclusive for certain fee categories and development types because of varied terminology and approaches to calculating impact fees.

Development Data

Chapter 2 of this report presents estimates of existing residential development in Culver City and a forecast of future development through 2045. Culver City is a largely built-out city and new development mostly involves infill or intensification and redevelopment, so forecasting future development involves considerable uncertainty. It is important to note that the methods used to calculate impact fees in this report do not depend on forecasts of future development.

Also, because of provisions of AB 602 that were incorporated into California law effective in 2022, impact fee categories for residential development in this study are defined in terms of unit size categories, broken down by square footage. Prior to the adoption of AB 602 it was common practice to base residential impact fees on unit type categories (e.g., single-family or multi-family units).

Impact Fee Analysis

The impact fee analysis in this report documents the relationship, or nexus, between development and the need for park facilities. The impact fees are based on capital costs needed to mitigate the impacts of additional development. Impact fees may not be used for maintenance or operating costs.

One change brought about by AB 602 is that if impact fees exceed the level required to maintain the existing level of service, an explanation is required. The impact fees calculated in this report are based on the existing level of service, so no justification is required. The following paragraphs briefly discuss the approach used to calculate impact fees for each type of facility addressed in this study.

Parks Land and Improvements. Chapter 3 of this report calculates impact fees for park land acquisition and park improvements. Three types of fees are calculated in that chapter: (1) Quimby Act fees in lieu of park land dedication which apply only to development that involves a subdivision; (2) park land impact fees which apply to residential development not involving a subdivision; and (3) park improvement impact fees which apply to all residential development. Of the first two fees, a project would be subject to one or the other, not both.

With respect to Quimby Act fees, Culver City Municipal Code Section 15.06, Residential Development Park Dedication and In Lieu Parkland Fees, establishes the City's procedure for the calculation of in-lieu fees on a case-by-case basis, based on an appraisal of land value for each project:

15.06.310.D "When a fee is to be paid in lieu of or in addition to parkland dedication, the amount of such fee shall be the fair market value, as determined in § 15.10.765 C., per acre of the land within the proposed residential development multiplied by the number of acres required to be dedicated pursuant to this Section..."

While the City may prefer to continue this practice of calculating in lieu fees on a case-by-case basis for projects that are subject to the Quimby Act standards for parkland dedication, an alternative is to establish a schedule of in lieu fees based on an estimated average cost per acre for park land in the City. In Chapter 3, we calculate a schedule of in lieu fees for the City's consideration, and we also recommend several changes to the current fee ordinance to establish park land dedication requirements consistent with the statute.

The impact fees calculated in Chapter 3 are based on the City's existing level of service in terms of improved park acreage per capita. The estimated cost per acre for park land and improvements is used to determine a cost per capita which is then converted into fees per unit of residential development based on the estimated average population per unit for each type of residential development defined in this report. Because parks are intended to serve residents of the City, these fees apply only to residential development.

Community Centers and Recreation Facilities. Chapter 4 calculates impact fees for community centers and recreation facilities. Those impact fees are based on the City's existing per-capita investment in community centers and recreation facilities. Because those facilities are intended to serve residents of the City, these fees apply only to residential development. See Chapter 4 for more detail on the calculation of impact fees for community centers and recreation facilities.

Impact Fee Summary

The maximum proposed impact fees per unit calculated in this report are summarized in Table S.1, below. Note that two separate total columns include total fees with either park land in-lieu (Quimby) or park land impact fees because only one of those fees would be charged to an individual project.

The fees shown in Table S.1 are the maximum supported impact fees per unit. As discussed further in Chapter 3 of the report, the fee amounts shown for the Park Land In-Lieu Fee and Park Land Impact Fee have been adjusted to reflect reasonable expectations for available land to acquire. The City Council has the authority to adopt the fees at amounts up to, but not exceeding, the maximum amounts shown in Table S.1. Decisions to adopt fees at amounts lower than the maximum supported amount often depend on local policy considerations.

Table S.1: Summary of Proposed Impact Fees

Dwelling Unit Size in Sq Ft	Unit Type ¹	Park Land In-Lieu Fee ²	Park Land Impact Fee ²	Park Imprvmt Impact Fee	Comm/Recr Impact Fee	Total w/ Park Land In-Lieu Fee ³	Total w/ Park Land Impact Fee ⁴
Residential: <500 Sq. Ft.	DU	\$7,987	\$5,679	\$3,610	\$2,612	\$14,209	\$11,901
Residential: 500 - 850 Sq. Ft.	DU	\$9,584	\$6,814	\$4,332	\$3,134	\$17,051	\$14,281
Residential: >850-1,200 Sq. Ft.	DU	\$17,571	\$12,493	\$7,943	\$5,746	\$31,259	\$26,181
Residential: >1,200-2,500 Sq. Ft.	DU	\$23,961	\$17,036	\$10,831	\$7,835	\$42,627	\$35,702
Residential: >2,500 Sq. Ft.	DU	\$27,155	\$19,307	\$12,275	\$8,880	\$48,310	\$40,462

¹ DU = Dwelling Unit

² Fee amount has been adjusted to reflect park land acquisition expectations; see discussion in Chapter 3

³ Total fees reflecting Park Land In-Lieu Fee for projects within a subdivision

⁴ Total fees including Park Land Impact Fee for projects *not* within a subdivision

The City does not currently have an impact fee program, and fees in-lieu of parkland dedication are calculated on a case-by-case basis; therefore, there are no existing fee amounts to display for comparative purposes.

Chapter 1. Introduction

Purpose

The purpose of this study is to analyze the impacts of development on the need for parks and recreation facilities provided by the City of Culver City. This report documents the approach, data and methodology used in the analysis of impact fees for park land, park improvements, park maintenance vehicles and equipment, and community and recreation centers, as well as park land dedication requirements and in-lieu fees under the Quimby Act.

The methods used to calculate impact fees and in-lieu fees in this report are intended to satisfy all legal requirements governing such fees, including provisions of the U. S. Constitution, the California Constitution and the California Mitigation Fee Act (Government Code Sections 66000-66025) and the Quimby Act (Government Code Section 66477), where applicable.

Legal Framework for Impact Fees

This brief summary of the legal framework for development fees is intended as a general overview. It was not prepared by an attorney and should not be treated as legal advice.

U. S. Constitution. Like all land use regulations, development exactions, including impact fees, are subject to the 5th Amendment prohibition on taking of private property for public use without just compensation. Both state and federal courts have recognized the imposition of impact fees on development as a legitimate form of land use regulation, provided the fees meet standards intended to protect against “regulatory takings.” A regulatory taking occurs when regulations unreasonably deprive landowners of property rights protected by the Constitution.

In two landmark cases dealing with exactions, the U. S. Supreme Court has held that when a government agency requires the dedication of land or an interest in land as a condition of development approval or imposes ad hoc exactions as a condition of approval on a single development project that do not apply to development generally, a higher standard of judicial scrutiny applies. To meet that standard, the agency must demonstrate an “essential nexus” between such exactions and the interest being protected (See *Nollan v. California Coastal Commission*, 1987) and make an “individualized determination” that the exaction imposed is “roughly proportional” to the burden created by development (See *Dolan v. City of Tigard*, 1994).

Until recently, it was widely accepted that legislatively enacted impact fees that apply to all development in a jurisdiction are not subject to the higher standard of judicial scrutiny flowing from the *Nollan* and *Dolan* decisions. However, in April 2024, in *Sheets v. County of El Dorado*, the U. S. Supreme Court ruled that even legislatively adopted impact fees are subject to *Nollan* and *Dolan*. On remand, the California Court of Appeal decided that the impact fees challenged in *Sheetz* were valid under *Nollan* and *Dolan*.

The methods used to calculate impact fees in this study are intended to satisfy the “essential nexus” and “rough proportionality” standards enunciated in the *Nollan* and *Dolan* cases.

Defining “Nexus.” The nexus required to justify exactions and impact fees under prevailing case law can be thought of as having the three elements discussed below. The elements of the nexus

discussed below mirror the three “reasonable relationship” findings required by the Mitigation Fee Act for establishment and imposition of impact fees.

Need or Impact. Development must create a need for the facilities to be funded by impact fees. All new development in a community creates additional demands on some or all public facilities provided by local government. If the capacity of facilities is not increased to satisfy the additional demand, the quality or availability of public services for the entire community will deteriorate. Impact fees may be used to recover the cost of development-related facilities, but only to the extent that the need for facilities is related to the development project subject to the fees.

The *Nollan* decision reinforced the principle that development exactions may be used only to mitigate impacts created by the development projects upon which they are imposed. In this study, the impact of development on facility needs is analyzed in terms of quantifiable relationships between various types of development and the demand for public facilities based on applicable level-of-service standards. This report contains all of the information needed to demonstrate compliance with this element of the nexus.

Benefit. Development must benefit from facilities funded by impact fees. With respect to the benefit relationship, the most basic requirement is that facilities funded by impact fees be available to serve the development paying the fees. A sufficient benefit relationship also requires that impact fee revenues be segregated from other funds and expended in a timely manner on the facilities for which the fees were charged. Nothing in the U.S. Constitution or California law requires that facilities paid for with impact fee revenues be available exclusively to development projects paying the fees.

Procedures for earmarking and expenditure of fee revenues are mandated by the Mitigation Fee Act, as are procedures to ensure that the fees are either expended in a timely manner or refunded. Those requirements are intended to ensure that developments benefit from the impact fees they are required to pay. Thus, over time, procedural issues as well as substantive issues can come into play with respect to the benefit element of the nexus.

Proportionality. Impact fees must be proportional to the impact created by a particular development project. Proportionality in impact fees depends on properly identifying development-related facility costs and calculating the fees in such a way that those costs are allocated in proportion to the facility needs created by different types and amounts of development. The section on impact fee methodology, below, describes methods used to allocate facility costs and calculate impact fees that meet the proportionality standard.

California Constitution. The California Constitution grants broad police power to local governments, including the authority to regulate land use and development. That police power is the source of authority for local governments in California to impose impact fees on development. Some impact fees have been challenged on grounds that they are special taxes imposed without voter approval in violation of Article XIII A. However, that objection is valid only if the fees charged to a project exceed the cost of providing facilities needed to serve the project. In that case, the fees would also run afoul of the U. S. Constitution and the Mitigation Fee Act.

Articles XIII C and XIII D, added to the California Constitution by Proposition 218 in 1996, require voter approval for some “property-related fees,” but exempt “the imposition of fees or charges, as a condition of property development.” Thus, impact fees are exempt from those requirements.

The Mitigation Fee Act. California’s impact fee statute originated in Assembly Bill 1600 during the 1987 session of the Legislature and took effect in January 1989. AB 1600 added several sections to the Government Code, beginning with Section 66000. Since that time, the impact fee statute has been amended from time to time, and in 1997 was officially titled the “Mitigation Fee Act.” Unless otherwise noted, code sections referenced in this report are from the Government Code.

The Mitigation Fee Act does not limit the types of capital improvements for which impact fees may be charged. It defines public facilities very broadly to include "public improvements, public services and community amenities." Although the issue is not specifically addressed in the Mitigation Fee Act, it is clear both in case law and statute (see Government Code Section 65913.8) that impact fees may not be used to pay for ongoing maintenance or operating costs. Consequently, the fees calculated in this report are based on the cost of capital assets only.

The Mitigation Fee Act does not use the term “mitigation fee” except in its official title. Nor does it use the common term “impact fee.” The Act simply uses the word “fee,” which is defined as “a monetary exaction, other than a tax or special assessment...that is charged by a local agency to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project”

To avoid confusion with other types of fees, this report uses the widely accepted term “impact fee” which should be understood to mean “fee” as defined in the Mitigation Fee Act.

The Mitigation Fee Act contains requirements for establishing, increasing and imposing impact fees. They are summarized below. It also contains provisions that govern the collection and expenditure of fees and requires annual reports and periodic re-evaluation of impact fee programs. Those administrative requirements are discussed in the implementation chapter of this report.

Required Findings. Section 66001 (a) requires that an agency establishing, increasing or imposing impact fees, must make findings to:

1. Identify the purpose of the fee
2. Identify the use of the fee; and
3. Determine that there is a reasonable relationship between the use of the fee and the development type on which it is imposed
4. Determine that there is a reasonable relationship between the need for the facility and the type of development on which the fee is imposed

In addition, Section 66001 (b) requires that in any action imposing a fee as a condition of approval of a development project by a local agency, the local agency shall determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

The requirements outlined above are discussed in more detail below.

Identifying the Purpose of the Fees. The broad purpose of impact fees is to protect public health, safety and general welfare by providing for adequate public facilities. The specific purpose of the fees calculated in this study is to fund acquisition or construction of certain capital assets that will be needed to mitigate the impacts of planned new development on City facilities, and to maintain an acceptable level of public services as the City grows.

This report recommends that findings regarding the purpose of an impact fee should define the purpose broadly, as providing for the funding of adequate public facilities to serve additional development.

Identifying the Use of the Fees. According to Section 66001(a)(2), if a fee is used to finance public facilities, those facilities must be identified. A capital improvement plan may be used for that purpose but is not mandatory if the facilities are identified in a General Plan, a Specific Plan, or in other public documents. Section 66002 (b) requires that if a capital improvement plan is used to identify the facilities, it must be updated annually.

However, a new provision in Section 66016.5, which was added by AB 602 in 2021, requires that large jurisdictions adopt a capital improvement plan as part of an impact fee study. That requirement applies to impact fee studies adopted after January 1, 2022. "Large jurisdiction" means a county of 250,000 or more or any city within that county. AB 602 does not provide any detail about what must be included in the capital improvement plan or how it should relate to the impact fee study, but Section 66002(a) describes the general contents of a CIP. The mandatory CIP requirement in AB 602 appears to override the original language of Section 66001(a)(2), but it appears that the annual update requirement in Section 66002(b) still applies.

Reasonable Relationship Requirement. As discussed above, Section 66001 requires that, for fees subject to its provisions, a "reasonable relationship" must be demonstrated between:

1. the use of the fee and the type of development on which it is imposed;
2. the need for a public facility and the type of development on which a fee is imposed;
and,
3. the amount of the fee and the facility cost attributable to the development on which the fee is imposed.

Development Agreements and Reimbursement Agreements. The requirements of the Mitigation Fee Act do not apply to fees collected under development agreements (see Govt. Code Section 66000) or reimbursement agreements (see Govt. Code Section 66003). The same is true of fees in lieu of park land dedication imposed under the Quimby Act (see Govt. Code Section 66477).

Existing Deficiencies. In 2006, Section 66001(g) was added to the Mitigation Fee Act (by AB 2751) to clarify that impact fees "shall not include costs attributable to existing deficiencies in public facilities..." The legislature's intent in adopting this amendment, as stated in the bill, was to codify the holdings of *Bixel v. City of Los Angeles* (1989), *Rohn v. City of Visalia* (1989), and *Shapell Industries Inc. v. Governing Board* (1991).

That amendment does not appear to be a substantive change. It is widely understood that other provisions of law make it improper for impact fees to include costs for correcting existing deficiencies.

However, Section 66001(g) also states that impact fees "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.*" (Emphasis added.)

Impact Fees for Existing Facilities. Impact fees may be used to recover costs for existing facilities to the extent that those facilities are needed to serve additional development and have the capacity to do so. In other words, it must be possible to show that fees used to pay for existing facilities meet the need and benefit elements of the nexus. As a practical matter, such fees are difficult to implement unless the fees can be used to repay outstanding debt related to the facilities in question.

Recent Legislation

Several new laws enacted by the State of California since 2019 to facilitate development of affordable housing bear on the implementation of impact fees calculated in this study. Below are brief overviews of some key bills passed since 2019.

SB 330 – The Housing Crisis Act of 2019. Amendments to existing law contained in SB 330 prohibit the imposition of new approval requirements on a housing development project once a preliminary application has been submitted. That provision applies to increases in impact fees and in-lieu fees, except when the resolution or ordinance establishing the fee authorizes automatic, inflationary adjustments to the fee or exaction.

AB 1483 – Housing Data: Collection and Reporting. AB 1483 requires that a city, county or special district must post on its website a current schedule of its fees and exactions, as well as associated nexus studies and annual reports. Updates must be posted within 30 days.

SB 13 – Accessory Dwelling Units. SB 13 prohibits the imposition of impact fees on accessory dwelling units (ADUs) smaller than 750 square feet and provides that impact fees for ADUs of 750 square feet or more must be proportional to the square footage of the primary dwelling unit. The proportionality requirement means that impact fees for ADUs of 750 square feet or more must be calculated on a case-by-case basis during the approval process.

Existing law requires a water or sewer connection fee or capacity charge for an accessory dwelling unit requiring a new or separate utility connection to be based on either the accessory dwelling unit's size or the number of its plumbing fixtures. SB 13 revises the basis for calculating the connection fee or capacity charge to either the accessory dwelling unit's square feet or the number of its drainage fixture units.

AB 602 – Amendments to the Planning and Land Use Law and the Mitigation Fee Act. AB 602, which was passed and signed in 2021, adds section 65940.1 to the Planning and Land Use Law requiring cities, counties and special districts that have internet websites to post schedules of fees, exactions and affordability requirements, annual fee reports, and an archive of nexus studies on that website, and to update that information within 30 days after any changes.

AB 602 also adds Section 66016.5 to the Mitigation Fee Act imposing several new requirements for impact fees that went into effect in 2022, including:

- A nexus study must identify the existing level of service for each facility, identify the proposed new level of service (if any), and explain why the new level of service is appropriate.
- If a nexus study supports an increase in an existing fee the local agency shall review the assumptions of the nexus study supporting the original fee and evaluate the amount of the fees collected under the original fee.

- Large jurisdictions (counties over 250,000 and cities within those counties) must adopt a capital improvement plan as part of the nexus study.
- All impact fee nexus studies shall be adopted at a public hearing with at least 30 days' notice, and the local agency shall notify any member of the public that requests notice of intent to begin and impact fee nexus study of the date of the hearing.
- Nexus studies shall be updated at least every eight years, from the period beginning on January 1, 2022.
- 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 in the development. A nexus study is not required to comply with this requirement if the local agency makes certain findings specified in the law. A local agency that imposes a fee proportionately to the square footage of units in 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.
- Authorizes any member of the public, including an applicant for a development project, to submit evidence that impact fees proposed by an agency fail to comply with the Mitigation Fee Act, and requires the legislative body of the agency to consider such evidence and adjust the proposed fee if deemed necessary.

AB 516 – Amendments to the Mitigation Fee Act. AB 516, which took effect on January 1, 2024, amends Government Code Section 66006 to add certain requirements to the annual reports mandated by that section. Specifically, Section 66006 now requires that:

- Annual reports indicate whether construction on public improvements identified in previous annual reports began on the approximate date shown in the previous annual report; and,
- If a project failed to start construction on schedule, the annual report must explain the reason for the delay and provide a revised approximate date when construction will begin.

AB 516 also amends Section 66023 to provide that when a person requests an audit of a fee or charge levied by a local agency, that audit may address when revenue generated by that fee or charge is scheduled to be expended, and when the public improvement to be funded by that fee or charge is scheduled to be completed. Prior to this amendment, the only stated purpose of such an audit was to determine whether such a fee or charge exceeds the amount reasonably necessary to cover the cost of any product, public facility or service provided by the local agency.

Impact Fee Calculation Methodology

Any one of several legitimate methods may be used to calculate impact fees. The choice of a particular method depends primarily on the service characteristics of, and planning requirements for, the type of facility being addressed. To some extent those methods are interchangeable, because they all allocate facility costs in proportion to the needs created by development.

Allocating facility costs to various types and amounts of development is central to all methods of impact fee calculation. Costs are allocated by means of formulas that quantify the relationship between development and the need for facilities. In a cost allocation formula, the impact of

development represented by some attribute of development such as added population or added vehicle trips that represent the impacts created by different types and amounts of development.

Although it is not mandatory, this study adopts the nomenclature used in the Impact Fee Nexus Study Templates prepared by the Turner Center for Housing Innovation at UC Berkeley to describe impact fee calculation methods. Those templates were prepared for The California Department of Housing and Community Development pursuant to Section 50466.5 of the Health and Safety Code.¹

Planned Facility Method. With this method, impact fees are calculated so that new development will pay for the planned expansion of facilities at the future standard attributable to new development. To calculate the cost per unit of demand, the cost of planned facilities is divided by the amount of demand that will be created by new development. The impact fees depend on the cost of planned future facilities and a plan for future development, so the fees should be recalculated if facility plans or development plans change.

Existing Inventory Method. With this method, impact fees are calculated so that new development will fund expansion of facilities at the same standard currently used to serve existing development. To calculate the cost per unit of demand, the value of existing facilities is divided by the amount of demand associated with existing development. This method allows impact fees to be calculated without a list of planned facilities. However, per AB 602's requirements, a Capital Improvement Plan still must be adopted with any new impact fee nexus study for "large jurisdictions".² This approach can be used to calculate impact fees for many types of public facilities but is usually not appropriate for facilities such as transportation improvements or water, wastewater or drainage systems where improvement needs must be determined by engineering analysis.

System Plan Method. With this method, impact fees are calculated so that new development pays for its share of the cost of an integrated system of facilities at the future standard attributable to new development. To calculate the cost per unit of demand, the value of existing facilities plus the cost of planned facilities is divided by the combined demand associated with both existing development and planned development. This approach is especially appropriate for impact fees for fire protection and EMS facilities because new facilities must be planned to integrate geographically with existing facilities.

In this study, the method used to calculate impact fees is the existing inventory method. That is the same method specified in the Quimby Act for calculation of park land impact fees.

Impact Fees for Accessory Dwelling Units (ADUs).

As mentioned earlier, recent amendments to Section 65852.2 of the Government Code provide that impact fees may not be imposed on ADUs smaller than 750 square feet. It also establishes the following requirement for impact fees imposed on ADUs of 750 square feet or more:

"Any impact fees charged for an accessory dwelling unit of 750 square feet or more shall be charged proportionately in relation to the square footage of the primary dwelling unit."

¹ California Government Code 66016.5(a)(9) The city, county, or special district may use the impact fee nexus study template developed by the Department of Housing and Community Development pursuant to Section 50466.5 of the Health and Safety Code.

² See definition of large jurisdictions provided in AB 602 description on preceding page

The proportionality requirement necessitates that impact fees for ADUs must be calculated on a case-by-case basis, so this report does not calculate a schedule of impact fees for ADUs.

Although it is not spelled out in Section 65852.2, it seems obvious that when calculating ADU impact fees in cases where the primary unit is a single-family detached unit, the starting point for the proportionality calculation is the fee that would apply to the primary single-family unit.

The law also allows for ADUs on lots or parcels where the primary unit is a multi-family unit. In that situation, it seems logical that the ADU impact fee should be proportional to the impact fee that applies to a multi-family unit, but since there may be existing multi-family units of different sizes the responsible agency should use discretion in determining the basis for calculating impact fees for multi-family ADUs.

The formula for calculating proportional ADU impact fees would be:

$$\text{Primary unit impact fee} \times (\text{ADU square feet} / \text{Primary unit square feet})$$

Facilities Addressed in this Study

Impact/in-lieu fees for the following types of facilities are addressed in this report:

- Park Land Acquisition
- Park Improvements
- Park Maintenance Vehicles and Equipment
- Community and Recreation Centers

The next chapter, Chapter 2, contains information on existing and future development used in this study. Chapter 3 presents the impact fee analysis and fee calculations for parks.

Chapter 2. Development Data

This chapter presents data on existing and future development that will be used to calculate impact fees in subsequent chapters of this report. The information in this chapter may be used to establish levels of service, analyze facility needs, and allocate the cost of capital facilities among various types of development.

Development data presented in this chapter are based on information from the City of Culver City Planning and Development Department, the U.S. Census Bureau and the American Community Survey (ACS), the California Department of Finance (DOF) Demographic Research Unit, and other sources as noted in this chapter.

Study Area and Time Frame

The study area for this study is the City of Culver City. The timeframe for this study extends from the present time to 2045. Although the future development projected in this chapter is expected to occur by 2045, the actual timing of development cannot be predicted with certainty. The impact fee calculations in this report do not depend on when future development occurs.

Development Types

The impact fees calculated in this report will be applied only to residential development. The residential development types defined in this study are listed below. Traditionally, impact fees for residential development are based on the type of unit, e.g., single-family, multi-family or mobile home. However, Government Code Section 66016.5(a)(5)(A) which was added to the Mitigation Fee Act by AB 602 in 2021 contains the following requirement:

“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”

But that requirement is not absolute. Section 66016.5(a)(5)(B) provides that a nexus study is not required to comply with Section 66016.5(a)(5)(A) if the local agency makes a finding that includes all of the following:

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

The proportionality requirement in Section 66016.5(a)(5)(A) is commonly interpreted to mean that impact fees must have a linear relationship to unit square footage. That means the fees must increase by the same amount for every added square foot of unit size. Such a fee structure results in impact fees that are necessarily five times as high for a 3,000 square-foot single-family unit as for

a 600 square apartment. That type of fee structure is justified only if the actual impact of a 3,000 square-foot unit is five times greater than the impact of a 600 square-foot unit.

Otherwise, the impact fees could violate the “rough proportionality” requirement set forth in the U. S. Supreme Court in *Dolan v. Tigard* [512 U. S. 374 (1994)]. The recent U. S. Supreme Court decision in *Sheetz v. County of El Dorado* [601 U. S. ___ (2024)] made clear that *Dolan* applies to all impact fees, whether they are applied ad hoc or legislatively adopted.

This study breaks down residential development into tiered square-feet-per-unit ranges and calculates an impact fee for each range or category. That approach allows impact fees to be graduated by unit size while avoiding the distortions that result from a rigid, fixed fee per square foot approach, and while respecting the need for rough proportionality between the fees and the impact of development as set forth in *Dolan v. Tigard*.

Based on the foregoing discussion, we propose that Culver City’s City Council adopt the following findings pursuant to Government Code Section 66016.5(a)(5)(B) to justify the use of tiered square footage ranges for residential development in this study rather than a fixed fee-per-square-foot approach:

1. A fixed fee-per-square-foot approach would not reflect the actual impact of different-sized residential units on the facilities addressed in this study and would not meet the rough proportionality standard set forth in *Dolan v. Tigard*.
2. The use of tiered square footage ranges rather than a fixed fee per square foot approach better reflects the relationship between the fees charged and the actual burden imposed by the development.
3. Calculating impact fees for tiered square footage ranges rather than a fixed fee per square foot still ensures that smaller developments are not charged disproportionate fees because that approach allows the impact fees to be tailored to the actual impacts created by smaller developments, while protecting larger units from excessive fees.

As discussed above, residential development categories are defined in this study by ranges of unit sizes rather than by unit types (e.g., single-family or multi-family). Unit-size ranges used to define residential development in this study are listed below.

Residential: <500 Sq. Ft

Residential: 500-850 Sq. Ft.

Residential: >850-1,200 Sq. Ft.

Residential: >1,200-2,500 Sq. Ft.

Residential: >2,500 Sq. Ft.

Each of these unit-size ranges is typical of units with a certain number of bedrooms, ranging from studio apartments up to single-family units with four or more bedrooms.

Residential Development and Population

The chart below shows the California Department of Finance (DOF) official January 1 population estimates for the City of Culver City for the years from 2015 through 2025.

This chart indicates a very small increase in Culver City’s population since 2015.

Units of Development

In this study, the amount of existing and planned residential development is measured in terms of dwelling units.

Demand Variables

In calculating impact fees, the relationship between facility needs and development must be quantified in cost allocation formulas. Certain measurable attributes of development such as population, vehicle trips or police department calls for service are used in those formulas to reflect the impact of different types and amounts of development on the demand for specific public services and the facilities that support those services.

Those attributes are referred to in this study as “demand variables.” Because the need for parks and recreation facilities is typically defined in terms of the population to be served, the demand variable used to represent the impact of development on the need for those facilities in this report is population.

Every demand variable has a specific value for each type of development. Those values may be referred to as “demand factors.” In this study, the demand factor for each category of residential development is the population per unit for that category (see below).

Demand Factors

Table 2.1 shows how population per unit factors were estimated for residential unit size categories used in this study. The Census Bureau and Department of Finance collect data on population per unit, by unit type (single-family, multi-family, mobile home) rather than by unit size. Consequently, we must estimate the population per unit for the unit size categories used in this study as shown in Table 2.1.

Those population-per-unit factors were estimated by NBS using data on the distribution of units by number of bedrooms from the Census Bureau’s American Community Survey (ACS). The estimated population per unit for each unit-size category is adjusted so that the total population and average population per unit approximately equal the total population and average population per unit from known data. The results are cross-checked with data on the distribution of household sizes from ACS Table B25009.

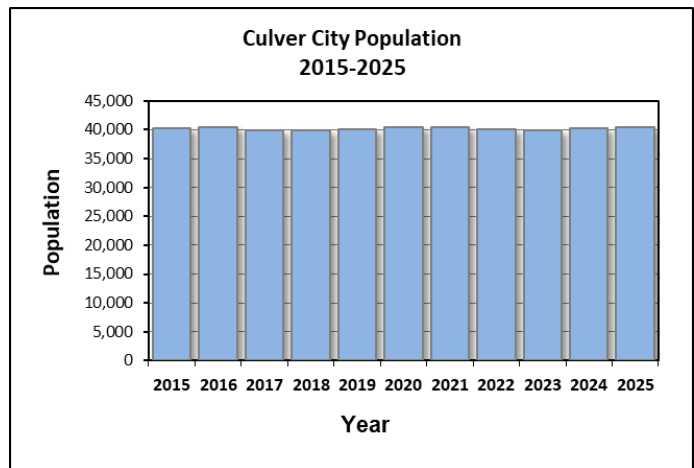


Table 2.1: Population per Unit by Unit Size

Unit Size in Sq Ft ¹	No. of Bedrooms	No. of Units ²	% of Units	Population per Unit ³	Population by Unit Size ⁴
<500	0	748	3.9%	1.00	748
500 - 850	1	3,878	20.3%	1.20	4,654
>850-1,200	2	7,092	37.1%	2.20	15,602
>1,200-2,500	3	5,557	29.1%	3.00	16,671
>2,500	4+	1,829	9.6%	3.40	6,219
Total/Average		19,104	100.0%	2.30	43,894

¹ Estimated square-feet-per-unit ranges based on number of bedrooms

² Distribution of units by number of bedrooms from American Community Survey (ACS) Table B25041, 2023 5-Year Estimates

³ Population per unit used in this study estimated by NBS

⁴ Population by unit size = number of units X population per unit

Table 2.1 shows the population-per-unit factors used for each type of development defined in this study.

Table 2.2: Demand Factors

Development Type ¹	Unit Type ²	Pop.per Unit ³
Residential: <500 Sq. Ft.	DU	1.00
Residential: 500 - 850 Sq. Ft.	DU	1.20
Residential: >850-1,200 Sq. Ft.	DU	2.20
Residential: >1,200-2,500 Sq. Ft.	DU	3.00
Residential: >2,500 Sq. Ft.	DU	3.40

¹ The square-feet-per-unit ranges shown in this table for residential development include all types of residential development including single-family, multi-family, and mobile homes

² DU = dwelling Unit

³ See Table 2.1 for population per unit for residential categories

Existing and Future Development

Table 2.3 on the following page presents data on existing and future development in Culver City. Data from those tables will be used throughout this report. It is important to note that in Table 2.3, all residential development is grouped into a single category. As discussed previously, the Mitigation Fee Act now requires that impact fees for residential development must be based on square footage, rather than unit type, but it is not possible to forecast the mix of future residential units by unit size.

Table 2.3: Existing and Future Residential Development

	2025 ¹	2045 ²	Change	% Change
Dwelling Units	17,485	28,310	10,825	61.9%
Population	40,030	62,400	22,370	55.9%

¹ 2025 data from the California Department of Finance 2025 E-5 report

² 2045 data from Culver City General Plan 2045, October 9, 2024

Growth Potential

The numbers in Table 2.4 represent an increase of 55.9% in population between 2025 and 2045. The fees calculated in subsequent chapters of this report are intended to pay for the parks and recreation facilities needed to serve the additional demand created by future development.

All of the fees calculated in this report are based on the cost to maintain the existing level of service for parks and recreation facilities, so that the forecasted amount of future development does not affect the impact fee calculations. Future development numbers are used only to project revenue from the impact fees. The timing of future development is not a consideration in the impact fee calculations.

Chapter 3. Park Land and Park Improvements

This chapter calculates three types of fees for park land acquisition and park improvements. The cost of park maintenance vehicles and equipment is also included in the park improvement impact fees.

Park Land In-Lieu Fees - Quimby Fees, commonly known as “park land in lieu fees” are often confused with development impact fees. City Municipal Code Section 15.06 requires dedication of park land or payment of fees in lieu of dedication by residential development. Park land in-lieu fees are per the Quimby Act (Government Code 66477), which is different from the Mitigation Fee Act that governs impact fees. As authorized by the Quimby Act (Government Code Section 66477), parkland dedication or fees in lieu of parkland dedication apply only to residential development projects that involve a subdivision or parcel map. Revenues are intended to be used for park land acquisition, though the Quimby Act does provide some flexibility for use of the funds for rehabilitation. Maintenance or operations costs for facilities are not an acceptable use of funds.

Park Land Acquisition Impact Fees do not apply to residential subdivisions but would apply to new residential development that does not involve a subdivision or parcel map. The Mitigation Fee Act (Government Code 66000 et seq.) governs this fee and does not allow use of funds for maintenance or operations.

Park Improvements Impact Fees apply to all new residential development in the City, including residential subdivisions. The Mitigation Fee Act governs this fee and does not allow use of funds for maintenance or operations, only for capital improvements to park land. The park improvement impact fees calculated in this chapter, which include the cost of standard improvements to park land, as well as park maintenance vehicles and equipment, are intended to apply to all residential development in the City, in addition to any in-lieu fees or impact fees for park land acquisition.

Methodology

This chapter calculates impact fees using the existing inventory method discussed in Chapter 1. With that method, impact fees are based on the existing level of service so that the impact fees will provide the funding needed to maintain that existing level of service as the City grows.

Service Area

The impact fees calculated in this chapter are intended to apply Citywide.

Demand Variable

A “demand variable” is a quantifiable attribute of development that is used in impact fee calculation formulas to represent the impact of development. The demand variable used to calculate impact fees for parks in this chapter is population. Population is used here because the need for parks is almost universally defined in terms of the relationship between population and acres of parks.

Impact fees calculated in this chapter for different categories of residential development vary depending on the estimated average population per unit for each unit-size category. The population per unit factors used to calculate park impact fees are from Table 2.2 in Chapter 2.

Because population growth is driven by new residential development, the impact fees calculated in this chapter apply only to residential development.

Existing Parks and Existing Level of Service

City Municipal Code Section 15.06 currently establishes a standard of three acres of improved park land per 1,000 residents. This is the minimum standard allowed by the Quimby Act. In this chapter, calculation of impact fees for park land acquisition and park improvements is based on the City's existing level of service at the time of this study. In 2021, AB 602 added Section 66016.5 to the Mitigation Fee Act. That section requires, after January 1, 2022, that the level of service used in an impact fee study must be compared with the existing level of service. If the level used in the impact fee study exceeds the existing level of service, an explanation is required. The impact fees calculated in this chapter are based on the existing level of service as shown in Table 3.2, below, so there is no level-of-service issue in the calculation of impact fees in this chapter with respect to Section 66016.5.

Existing Parks. Table 3.1 lists the City's existing parks and shows both City-owned acres and improved acres of parks.

Table 3.1: Existing Parks

Park Name	Park Type ¹	City Owned Park Acres	Improved Park Acres
Culver City Park	Community	34.10	34.10
Veterans Park	Community	16.10	16.10
Blair Hills Park	Neighborhood	1.80	1.80
Blanco Park	Neighborhood	3.10	3.10
Carlson Park	Neighborhood	2.50	2.50
Culver West Alexander Park	Neighborhood	3.10	3.10
El Marino Park	Neighborhood	1.60	1.60
Fox Hills Park	Neighborhood	10.00	10.00
Lindberg Park	Neighborhood	4.20	4.20
Syd Kronenthal Park	Neighborhood	6.10	6.10
Tellefson Park	Neighborhood	1.50	1.50
Coombs Parkette	Mini Park	0.50	0.50
Fox Hills Parkette	Mini Park	0.80	0.80
Total		85.40	85.40

Source: City of Culver City Parks Recreation and Community Services Department

¹ Mini Parks are considered neighborhood parks for purposes of the Quimby Act

Table 3.2 calculates the existing levels of service in terms of improved acres per capita and acres per 1,000 population for City park land.

Table 3.2: Existing Level of Service - Park Acres per Capita

Facility	Existing Acres ¹	Existing Pop ²	Acres per Capita ³	Acres per 1,000 ⁴
Improved Park Land	85.40	40,030	0.00213	2.13

¹ See Table 3.1

² Existing population; see Table 2.2

³ Acres per capita = existing acres / existing population

⁴ Acres per 1,000 population = acres per capita X 1,000

The level-of-service standard used to calculate development impact fees for park land acquisition and park improvements in this study is the existing ratio of improved park land to population as shown in Table 3.2. However, the park land in-lieu fee calculations are based on 3.0 instead of the existing level of service. This is discussed further below in the Cost per Capita section of this chapter.

Existing Park Maintenance Equipment. The park improvement impact fees also include the cost of park maintenance vehicles and equipment. Table 3.3 on the following page lists the City's existing park maintenance equipment and the replacement cost for each item. The cost of park maintenance equipment will be incorporated into the impact fees for park improvements. Replacement cost is used here to reflect the cost of acquiring the additional equipment that will be needed to maintain additional parks needed to serve new development. Impact fees may not be used for operations or maintenance activities, so it is important to note that the cost associated with park maintenance equipment in this study is the capital cost of that equipment only.

Table 3.3: Existing Park Maintenance Vehicles & Equipment

Year	Make	Description	Repl Cost	Impact Fee Cost Basis
2007	GEM	UTILITY VEHICLE	53,165	53,165
2008	CHEVROLET	2008 PARATRANSIT VAN	88,517	88,517
2008	FORD	2008 FORD F350 HD ROYAL UTILITY BODYP	90,925	90,925
2008	FORD	2008 FORD F350 HD ROYAL UTILITY BODYP	90,925	90,925
2008	HONDA	HONDA WALK BEHIND LAWN MOWER	1,579	1,579
2008	HONDA	HONDA WALK BEHIND LAWN MOWER	1,579	1,579
2008	HUSTLER	2008 SUPER Z MDL #928911A	28,788	28,788
2008	HUSTLER	2008 SUPER Z MDL #928911A	28,788	28,788
2008	BIG TEX	2008 UTILITY TRAILER FOR MOWERS	3,289	3,289
2010	FORD	2010 FORD CREW CAB	65,162	65,162
2010	KUBOTA	BACKHOE/LOADER	88,289	88,289
2010	HUSTLER	2010 HUSTLE SUPER-Z RIDE-ON MOWER	26,019	26,019
2011	FORD	2011 FORD ESCAPE HYBRID	48,451	48,451
2011	STEAM-X	TRAILER MOUNTED STEAM CLEANER	12,049	12,049
2012	FORD	2012 FORD F250 PICKUP W/UTILITY BODY	65,334	65,334
2012	BIG TEX	2012 UTILITY TRAILER FOR MOWERS	3,289	3,289
2012	BIG TEX	2012 UTILITY TRAILER FOR MOWERS	3,289	3,289
2015	FORD	2015 F250 SUPERCAB	54,501	54,501
2015	FORD	2015 F250 SUPERCAB	53,225	53,225
2015	FORD	2015 F250 4X2 CREW CAB	71,683	71,683
2017	FORD	2017 FORD F250 SUPERCAB UTILITY BODY	80,267	80,267
2019	FORD	2019 FORD F150 SUPERCAB	64,665	64,665
2019	FORD	2019 FORD F250 SUPERCAB XL	67,740	67,740
2019	HONDA	2019 HONDA PORTABLE GENERATOR	2,139	2,139
2020	FORD	2020 FORD F350 PACIFIC UTILITY BODY	101,383	101,383
2020	FORD	F350 WITH DUMP BODY	116,158	116,158
2023	FORD	2023 FORD TRANSIT PASSENGER VAN -PRCS	49,319	49,319
Total			1,360,517	1,360,517

Source: City of Culver City Fleet Inventory and Public Works Department
vehicles over 20 years are not included

The standard used to calculate impact fees for park maintenance vehicles and equipment in this study is the existing cost per capita as shown in Table 3.4.

Table 3.4: Cost per Capita - Vehicles and Equipment

Impact Fee Cost Basis ¹	Existing Population ²	Cost per Capita ³
\$1,360,517	40,030	\$33.99

¹ See Table 3.3

² See Table 2.3

³ Cost per capita = impact fee cost basis / existing population

Cost Per Capita

Table 3.5 shows per-capita costs for park land, park improvements, and park maintenance vehicles and equipment. Per-capita costs for park land and park improvements are based on existing improved park acres per capita from Table 3.2. The per-capita cost for park maintenance vehicles and equipment is from Table 3.4.

Table 3.5: Cost per Capita - Park Land and Improvements

Fee Type	Cost per Acre ¹	Acres per Capita ²	Cost per Capita ³
Park Land In-Lieu Fees (Subdivisions)	\$ 12,557,997	0.00300	\$ 37,673.99
Park Land Impact Fees (w/o Subdivision)	\$ 12,557,997	0.00213	\$ 26,786.21
Park Improvements Impact Fee (All Residential Units)	\$ 1,676,642	0.00213	\$ 3,576.28
Park Impact Fee (Vehicles and Equipment)			\$ 33.99

¹ Park land acquisition cost per acre based on Co-Star database of recent land sales for residential uses; park improvement cost per acre based on average improvement costs for recent Culver City parks projects;

² Acres per capita for park land in-lieu fees based on 3.0 acres per 1,000 residents as provided in the Quimby Act; acres per capita for park land impact fees and park improvement impact fees based on the existing LOS from Table 3.2

³ Cost per capita = cost per acre X acres per capita

As noted previously, the park land impact fees calculated herein apply only to residential development projects that are exempt from the park land dedication or in-lieu fee requirements of the Quimby Act because they do not involve a subdivision or parcel map. The two types of fees for park land acquisition differ in amount because the Quimby Act allows in-lieu fees for park land acquisition to be based on at least 3.0 acre per 1,000 population, while the existing level of service applicable to an impact fee calculation is lower than 3.0 acres per 1,000.

Impact Fees per Unit

In this section, the per-capita costs from Table 3.5 are used to calculate in-lieu fees and impact fees per unit of development.

Quimby Act Park Land Acquisition In-Lieu Fees (Subdivisions). Table 3.6 shows the calculation of Quimby Act park land in-lieu fees per unit of development, by development type. Those fees are calculated using per-capita costs from Table 3.5 and average population per dwelling unit from Table 2.2.

Table 3.6: Park Land In-Lieu Fees (Subdivisions)

Dwelling Unit	Size in Sq Ft	Units ¹	Cost per Capita ²	Population per DU ³	In-Lieu Fee per Unit ⁴
Residential: <500 Sq. Ft.		DU	\$ 37,673.99	1.00	\$ 37,673.99
Residential: 500 - 850 Sq. Ft.		DU	\$ 37,673.99	1.20	\$ 45,208.79
Residential: >850-1,200 Sq. Ft.		DU	\$ 37,673.99	2.20	\$ 82,882.78
Residential: >1,200-2,500 Sq. Ft.		DU	\$ 37,673.99	3.00	\$ 113,021.97
Residential: >2,500 Sq. Ft.		DU	\$ 37,673.99	3.40	\$ 128,091.57

¹ Units of Development: DU = dwelling unit

² See Table 3.5

³ See Table 2.2

⁴ In-lieu fee per unit = cost per capita X population per unit

The City may adopt the fees per unit calculated in Table 3.6 or continue with case-by-case fee calculation procedure as stipulated by the current Municipal Code. The following are several recommended updates to the Municipal Code for better compliance with the Quimby Act for the City's consideration.

- 15.06.300 E. indicates that this fee should apply to projects within subdivisions and without subdivisions, which would not conform to the Quimby Act law. As authorized by the Quimby Act (Government Code Section 66477), parkland dedication or fees in lieu of parkland dedication apply only to residential development projects that involve a subdivision or parcel map
- 15.06.310 A. applies the fee to all types of residential development. The requirements of this section should be specific to subdivision projects in line with the Quimby Act definition, while impact fees for park land acquisition would apply to non-subdivision projects enacted pursuant to the Mitigation Act.
- 15.06.310.C. establishes density factors for the type dwelling unit proposed to be constructed. These factors should be updated to match the residential unit size categories and density factors established in Table 2.2 and applied in Table 3.6.

The development impact fees for Park Land Acquisition (Non-Subdivision Projects) and Park Land Improvements will likely require a separate ordinance that complies with the Mitigation Fee Act's procedural requirements.

Park Land Acquisition Impact Fees (Non-Subdivision Projects). Table 3.7 shows the calculation of park land impact fees per unit of development, by development type. Those fees are calculated using per-capita costs from Table 3.5 and average population per dwelling unit from Table 2.1.

Table 3.7: Park Land Impact Fees (Non-Subdivision Projects)

Dwelling Unit Size in Sq Ft	Units ¹	Cost per Capita ²	Population per DU ³	Impact Fee per Unit ⁴
Residential: <500 Sq. Ft.	DU	\$ 26,786.21	1.00	\$ 26,786.21
Residential: 500 - 850 Sq. Ft.	DU	\$ 26,786.21	1.20	\$ 32,143.45
Residential: >850-1,200 Sq. Ft.	DU	\$ 26,786.21	2.20	\$ 58,929.66
Residential: >1,200-2,500 Sq. Ft.	DU	\$ 26,786.21	3.00	\$ 80,358.62
Residential: >2,500 Sq. Ft.	DU	\$ 26,786.21	3.40	\$ 91,073.11

¹ Units of Development: DU = dwelling unit

² See Table 3.5

³ See Table 2.2

⁴ Impact fee per unit = cost per capita X population per unit

Park Improvement Impact Fees (All Residential Development). Table 3.8 shows the calculation of impact fees per unit of development, by development type, for park improvements. The park improvement impact fees also include the cost of park maintenance vehicles and equipment. The park improvement impact fees are calculated using the combined per-capita costs for park improvements and park maintenance vehicles and equipment from Table 3.4.

Table 3.8: Park Improvement Impact Fees (All Residential Dev)

Dwelling Unit Size in Sq Ft	Units ¹	Cost per Capita ²	Population per DU ³	Impact Fee per Unit ⁴
Residential: <500 Sq. Ft.	DU	\$ 3,610.26	1.00	\$ 3,610.26
Residential: 500 - 850 Sq. Ft.	DU	\$ 3,610.26	1.20	\$ 4,332.32
Residential: >850-1,200 Sq. Ft.	DU	\$ 3,610.26	2.20	\$ 7,942.58
Residential: >1,200-2,500 Sq. Ft.	DU	\$ 3,610.26	3.00	\$ 10,830.79
Residential: >2,500 Sq. Ft.	DU	\$ 3,610.26	3.40	\$ 12,274.90

¹ Units of Development: DU = dwelling unit

² Includes per-capita costs for park improvements from Table 3.5 and for park maintenance vehicles and equipment from Table 3.4

³ See Table 2.2

⁴ Impact fee per unit = cost per capita X population per unit

Projected Revenue

The impact fees per unit in the previous tables are based on residential unit size in square feet. Although Table 2.3 in Chapter 2 shows a forecast of total future residential units to 2045, it is not possible to forecast the number of units in each unit-size category. Consequently, potential revenue from impact fees calculated in this chapter is estimated based on the population added by new development and the cost per capita for park land acquisition and park improvements.

Projected Revenue – Park Land Fees. Projecting revenue from park land acquisition fees is further complicated by the fact that we have no way of knowing how much future residential development will be in subdivisions, which are subject to Quimby Act Park Land In-lieu Fees rather than the Park Land Impact Fees calculated in this chapter. The revenue projections for park land fees in tables 3.9

and 3.10 assume that 5% of added population will be subject to the Quimby Act Park Land In-lieu Fees, and 95% to the Park Land Impact Fees.

Table 3.9: Projected Revenue from Park Land In-Lieu Fees

Development Type	In-Lieu Fee per Capita ¹	Added Pop ²	Projected Revenue ³
All Residential	\$37,673.99	1,119	\$ 42,138,359

¹ Cost per capita for parkland in-lieu fee from Table 3.5

² Population increase to 2045; see Table 2.3. Assumes 5% of added population occurs in units involving a subdivision

³ Projected revenue = cost per capita X added population

Table 3.10: Projected Revenue from Park Land Impact Fees

Development Type	Impact Fee per Capita ¹	Added Pop ²	Projected Revenue ³
All Residential	\$26,786.21	21,252	\$ 569,247,091

¹ Cost per capita for park improvement impact fees from Table 3.7

² Population increase to 2045; see Table 2.3. Assumes 95% of added population occurs in units not involving a subdivision

³ Projected revenue = cost per capita X added population

The combined revenue from the two types of park land fees totals \$611 million, which would be enough revenue to acquire about 49 acres of additional park land based on the cost per acre shown in Table 3.5.

Projected Revenue – Park Improvement Impact Fees. Table 3.11 calculates projected revenue for the park improvement impact fees, using the cost per capita from Table 3.5 and the added population from Table 2.3.

Table 3.11: Projected Revenue from Park Improvement Impact Fees

Development Type	Fees per Capita ¹	Added Pop ²	Projected Revenue ³
All Residential	\$3,610.26	22,370	\$ 80,761,624

¹ Cost per capita for park improvement impact fees from Table 3.8

² Population increase to 2045; see Table 2.3.

³ Projected revenue = cost per capita X added population

The revenue from the park improvement impact fees shown in Table 3.11 would be enough to fund about 48 acres of park improvements, based on the cost per acre shown in Table 3.5.

Adjusted Park Land Fees

As mentioned, projected revenues calculated in the previous section could fund up to 49 acres of additional park land needed to serve new development. However, the Culver City Parks Plan (CCPP),

approved in February 2025, recognizes that acquisition of suitable park land to meet future demands is challenging. Table 3.12 lists some of the sites included in the CCCP's review of vacant and underutilized land that is not currently owned by the City.

Table 3.12: Parcels and Sites Explored for Park Land Acquisition

Site Name	Site Acres
Ballona Creek	1.00
Baldwin Hills Overlook	5.00
Fox Hills	4.00
National Blvd	0.30
Total	10.30

Source: Culver City Parks Plan, February 2025, page 111

Because the need for new park land exceeds the availability of parkland that is likely acquirable, the following adjusted park land fee calculations in tables 3.13 and 3.14 produce sufficient revenue to fund approximately 10.3 acres of new parkland acquisition rather than the 49 acres projected by the initial impact fee per unit calculations. These fee calculations are provided as the suggested reasonable alternative to the initial impact fee calculations for park land facilities. The adjusted fees align with the fee ranges for different cities shown in Appendix A.

Table 3.13: Park Land In-Lieu Fees (Subdivisions) - Adjusted

Dwelling Unit	Size in Sq Ft	Units ¹	Cost per Capita ²	Population per DU ³	In-Lieu Fee per Unit ⁴
Residential: <500 Sq. Ft.		DU	\$7,986.89	1.00	\$ 7,986.89
Residential: 500 - 850 Sq. Ft.		DU	\$7,986.89	1.20	\$ 9,584.26
Residential: >850-1,200 Sq. Ft.		DU	\$7,986.89	2.20	\$ 17,571.15
Residential: >1,200-2,500 Sq. Ft.		DU	\$7,986.89	3.00	\$ 23,960.66
Residential: >2,500 Sq. Ft.		DU	\$7,986.89	3.40	\$ 27,155.41

¹ Units of Development: DU = dwelling unit

² Cost per capita for park land in-lieu fees from Table 3.5 adjusted to meet Park Plan land acquisition estimate

³ See Table 2.2

⁴ In-lieu fee per unit = cost per capita X population per unit

Table 3.14: Park Land Impact Fees (Non-Subdivision Projects) - Adjusted

Dwelling Unit Size in Sq Ft	Units ¹	Cost per Capita ²	Population per DU ³	Impact Fee per Unit ⁴
Residential: <500 Sq. Ft.	DU	\$5,678.68	1.00	\$ 5,678.68
Residential: 500 - 850 Sq. Ft.	DU	\$ 5,678.68	1.20	\$ 6,814.41
Residential: >850-1,200 Sq. Ft.	DU	\$ 5,678.68	2.20	\$ 12,493.09
Residential: >1,200-2,500 Sq. Ft.	DU	\$ 5,678.68	3.00	\$ 17,036.03
Residential: >2,500 Sq. Ft.	DU	\$ 5,678.68	3.40	\$ 19,307.50

¹ Units of Development: DU = dwelling unit

² Cost per capita for park land impact fees from Table 3.5 adjusted to meet
Park Plan land acquisition estimate

³ See Table 2.2

⁴ Impact fee per unit = cost per capita X population per unit

Adjusted Projected Park Land Revenue

Tables 3.15 and 3.16 provide adjusted park land revenue projections, continuing to assume that 5% of added population will be subject to the Quimby Act Park Land In-lieu Fees, and 95% to the Park Land Impact Fees.

Table 3.15: Projected Revenue from Park Land In-Lieu Fees - Adjusted

Development Type	In-Lieu Fee per Capita ¹	Added Pop ²	Projected Revenue ³
All Residential	\$7,986.89	1,119	\$ 8,933,332

¹ Cost per capita for park land in-lieu fees from Table 3.5 adjusted to meet
Park Plan land acquisition estimate

² Population increase to 2045; see Table 2.3. Assumes 5% of added population
occurs in units involving a subdivision

³ Projected revenue = cost per capita X added population

Table 3.16: Projected Revenue from Park Land Impact Fees - Adjusted

Development Type	Impact Fee per Capita ¹	Added Pop ²	Projected Revenue ³
All Residential	\$5,678.68	21,252	\$ 120,680,383

¹ Cost per capita for park improvement impact fees from Table 3.5 adjusted to meet
Park Master Plan land acquisition requirement

² Population increase to 2045; see Table 2.3. Assumes 95% of added population
occurs in units not involving a subdivision

³ Projected revenue = cost per capita X added population

The combined revenue from the two types of park land fees totals approximately \$130 million, which would be enough revenue to acquire about 10.3 acres of additional park land based on the cost per acre shown in Table 3.5.

Updating the Fees

The impact fees calculated in this chapter are based on the current estimated cost of park land and park improvements. We recommend that the fees be reviewed annually and adjusted as needed using local cost data or an index such as the *Engineering News Record* Construction Cost Index (CCI). See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires that an agency establishing, increasing or imposing impact fees, must make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed;
and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in leading court decisions bearing on impact fees and other exactions. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new residential development on the need for parks in Culver City and to prevent a reduction in the level of service provided to residents of the City as a result of new development.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional parks or park improvements to mitigate the impacts of new residential development in the City. Specific projects and costs to be funded by these impact fees can be found in the City’s Capital Improvement Plan.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional parks or park improvements to mitigate the impact of added population associated with new development on the need for parks in Culver City.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New development increases the need for parks to maintain the existing level of service as described earlier in this chapter. Without additional park space and improvements,

the increase in population associated with new residential development would result in a reduction in the level of service provided to all residents of the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The amount of the impact fees for park land and park improvements calculated in this chapter depend on the estimated increase in population per unit associated with residential development unit-size category. The fees per unit of development calculated in this chapter for each unit-size category are based on the estimated average population per unit for that type of development in Culver City. Thus, the fee charged to a development project reflects the impact of that project on the need for parks in the City.

Chapter 4. Community and Recreation Centers

This chapter calculates impact fees for community and recreation centers needed to serve future development in the City.

The City of Culver City has several existing community and recreation centers and pool facilities which are included in this category. The community and recreation center impact fees calculated in this chapter are based on the relationship between the City's existing population and the replacement cost of existing community center and recreation center facilities.

Methodology

This chapter calculates impact fees using the existing inventory method discussed in Chapter 1. With that method, impact fees are based on the existing level of service so that the impact fees will provide the funding needed to maintain that existing level of service as the City grows.

With the existing inventory method, the level-of-service standard used to calculate the impact fees is the existing level of service (see the Level of Service section, below).

Service Area

Culver City's community and recreation centers serve the entire City, so the community and recreation center impact fees are intended to apply to all new residential development in the City.

Demand Variable

A "demand variable" is a quantifiable attribute of development that is used in fee calculation formulas to represent the impact of development. The demand variable used to calculate impact fees for community and recreation centers is population. Since population is associated with residential development, these impact fees will apply only to residential development.

Population is used as the demand variable for these fees because the need for community and recreation centers is normally defined in terms of the size of the population to be served. Added population is used in this chapter to measure the impact of new development on the need for community and recreation center facilities.

Because population per dwelling unit varies by development type, the average population per unit is estimated for each type of residential development defined in this study. Those individual "demand factors" are shown in Table 2.2 in Chapter 2 and are used to calculate impact fees per unit in Table 4.3.

Level of Service

The City has not adopted a formal level-of-service standard for community and recreation centers. Because of some existing facilities such as swimming pools, a ratio of facility square footage to population would not reflect differences in cost for different types of facilities. Consequently, the level-of-service standard used to calculate impact fees in this chapter is the existing relationship between the City's population and the estimated value of existing community and recreation centers.

In 2021, Section 66016.5 was added to the Mitigation Fee by Act AB 602. That section requires that, after January 1, 2022, the level of service used in an impact fee study must be compared with the existing level of service. If new impact fees are based on a level of service that exceeds the existing level of service, an explanation is required. The impact fees calculated in this chapter are based on the existing level of service, so there is no conflict with that provision of Section 66016.5.

Existing Facilities

Table 4.1 lists the City's existing community and recreation center buildings with their estimated building replacement costs and land values. Estimated building replacement cost is sourced from the City's insurance records. The estimated replacement costs consider the age and condition of existing facilities and may not reflect current market construction costs for new facilities.

Table 4.1: Existing Community Center and Recreation Facilities

Facility	Construction Date	Square Feet ¹	Building Repl Cost ²	FF&E Value ³	Site Acres ⁴	Land Value ⁵	Impact Fee Cost Basis ⁶
Clubhouse Building	1953	1,701	\$ 407,061	\$ 31,174	in park	\$ -	\$ 438,235
Daycare Building	1955	800	\$ 255,987	\$ 10,791	in park	\$ -	\$ 266,778
Pottery Building	1955	600	\$ 167,261	\$ 9,592	in park	\$ -	\$ 176,853
Veterans Memorial Building	1969	31,476	\$ 10,276,629	\$ 557,535	in park	\$ -	\$ 10,834,164
Municipal Plunge Building	1980	9,498	\$ 3,292,454	\$ 95,920	in park	\$ -	\$ 3,388,374
Municipal Plunge Pool	1980	n/a	\$ 550,000	\$ -	in park	\$ -	\$ 550,000
Blanko Park Daycare Building	1980	800	\$ 217,019	\$ 9,592	in park	\$ -	\$ 226,611
Boy Scouts Building	1985	1,449	\$ 290,158	\$ 22,781	0.11	\$ 1,429,380	\$ 1,742,319
Clubhouse Building (SK)	1993	4,337	\$ 1,007,160	\$ 79,134	in park	\$ -	\$ 1,086,294
Culver West Alexander	1997	4,649	\$ 1,167,826	\$ 76,736	3.10	\$ 38,929,791	\$ 40,174,353
Senior Center	2003	27,237	\$ 8,312,667	\$ 490,391	2.66	\$ 33,410,139	\$ 42,213,197
Teen Center	2005	11,303	\$ 3,201,930	\$ 246,994	in park	\$ -	\$ 3,448,924
Total			\$ 29,146,152	\$ 1,630,640	5.87	\$ 73,769,310	\$ 104,546,102

¹ Building square feet from City Statement of Insured Values

² Estimated building replacement cost from City Statement of Insured Value^s

³ Furniture, fixtures and equipment (FF&E) from the City Statement of Insured Values

⁴ Site acres provided by the City of Culver City; buildings co-located within City parks are excluded

⁵ Land value = site acres X land value per acre estimated by the City of Culver City at \$12,557,996.80 per acre

⁶ Impact fee cost basis = building replacement cost + FF&E value + land value

Cost per Capita

Table 4.2 calculates the replacement cost per capita for community centers and recreation facilities using the impact fee cost basis from Table 4.1 and the existing population from Table 2.2 in Chapter 2.

Table 4.2: Cost per Capita

Impact Fee Cost Basis ¹	Existing Population ²	Cost per Capita ³
\$104,546,102	40,030	\$2,611.69

¹ See Table 4.1

² See Table 2.2

³ Cost per Capita = impact fee cost basis / existing population

In the next section, the cost per capita from Table 4.2 is used to calculate community and recreation center impact fees per unit of development, by development type.

Impact Fees per Unit

Table 4.3 shows the calculation of community and recreation center impact fees per unit of development, by development type. Those fees are calculated using the cost per capita from Table 4.2 and average population per dwelling unit from Table 2.2.

Table 4.3: Impact Fee per Unit

Dwelling Unit Size in Sq Ft	Cost per Capita ¹	Population per Unit ²	Impact Fee per Unit ³
Residential: <500 Sq. Ft.	\$2,611.69	1.00	\$2,611.69
Residential: 500 - 850 Sq. Ft.	\$2,611.69	1.20	\$3,134.03
Residential: >850-1,200 Sq. Ft.	\$2,611.69	2.20	\$5,745.73
Residential: >1,200-2,500 Sq. Ft.	\$2,611.69	3.00	\$7,835.08
Residential: >2,500 Sq. Ft.	\$2,611.69	3.40	\$8,879.76

¹ See Table 4.2

² See Table 2.1

³ Impact fee per unit = cost per capita X population per unit

Projected Revenue

Since the community and recreation center impact fees apply only to residential development, potential revenue from those fees can be estimated by multiplying the fee (cost) per capita from Table 4.3 and the added residential population forecasted in Table 2.3.

Table 4.4 shows the projected revenue to 2045 from the community and recreation center impact fees calculated in this chapter. This projection depends on the accuracy of the added residential population forecast in Chapter 2.

Table 4.4: Projected Revenue from Impact Fees

Development Type	Impact Fee per Capita ¹	Added Pop ²	Projected Revenue ³
All Residential	\$2,611.69	22,370	\$ 58,423,590

¹ See cost per capita in Table 4.2

² See Table 2.3

³ Projected revenue = fees per capita X added population

Updating the Fees

The impact fees calculated in this chapter are based the current estimated value of community and recreation center facilities. We recommend that the fees be reviewed and adjusted annually using local cost data or an index such as the *Engineering News Record* Building Cost Index (BCI) or the Department of General Services California Construction Cost Index. See the Implementation Chapter for more on indexing of fees.

Nexus Summary

As discussed in Chapter 1 of this report, Section 66001 of the Mitigation Fee Act requires an agency establishing, increasing or imposing impact fees to make findings to:

Identify the purpose of the fee;

Identify the use of the fee; and,

Determine that there is a reasonable relationship between:

- a. The use of the fee and the development type on which it is imposed;
- b. The need for the facility and the type of development on which the fee is imposed;
and
- c. The amount of the fee and the facility cost attributable to the development project.

Satisfying those requirements also ensures that the fees meet the “rational nexus” and “rough proportionality” standards enunciated in the *Nollan* and *Dolan* decisions discussed in Chapter 1. (For more detail, see “Legal Framework for Impact Fees” in Chapter 1.) The following paragraphs explain how the impact fees calculated in this chapter satisfy those requirements.

Purpose of the Fee: The purpose of the impact fees calculated in this chapter is to mitigate the impact of new development on the need for community and recreation centers in Culver City and to prevent a reduction in the level of service provided to residents of the City as a result of new development.

Use of the Fee. Impact fees calculated in this chapter will be used to provide additional community and recreation centers to mitigate the impact of new development on the need for those facilities in the City. Specific projects and costs to be funded by these impact fees can be found in the City’s Capital Improvement Program.

As provided by the Mitigation Fee Act, revenue from impact fees may also be used for temporary loans from one impact fee fund or account to another.

Reasonable Relationship between the Use of the Fee and the Development Type on Which It Is Imposed. The impact fees calculated in this chapter will be used to provide additional community and recreation center facilities to mitigate the impact of added population associated with new residential development on the need for community and recreation centers in Culver City.

Reasonable Relationship between the Need for the Facilities and the Type of Development on Which the Fee Is Imposed. New residential development increases the need for community and recreation center facilities to maintain the existing level of service, as described earlier in this chapter. Without additional community and recreation center facilities, the increase in population associated with new residential development would result in a reduction in the level of service provided to all residents of the City.

Reasonable Relationship between the Amount of the Fee and the Facility Cost Attributable to the Development Project. The community and recreation center impact fees calculated in this chapter are proportional to the impact of the added population associated with various categories of residential development in the City. The fees per unit of development calculated in this chapter for each type of residential development are based on the estimated average population per unit for that type of development in Culver City. Thus, the fee charged to a development project reflects the impact of that project on the need for community and recreation center facilities in the City.

Chapter 5. Implementation

This chapter of the report contains recommendations for adoption and administration of impact fees, and for the interpretation and application of the development impact fees calculated in this study. It was not prepared by an attorney and is not intended as legal advice.

Statutory requirements for the adoption and administration of fees imposed as a condition of development approval (impact fees) are found in the Mitigation Fee Act (Government Code Sections 66000 *et seq.*).

Adoption

The form in which development impact fees are enacted should be determined by the City Attorney. The specific requirements are different for impact fees under the Mitigation Fee Act, and for park land dedication and in-lieu fees under the Quimby Act. The latter requirements must be adopted by ordinance and are subject to the same noticing and public hearing procedures as any ordinance.

Procedures for adoption of fees subject to the Mitigation Fee Act, including notice and public-hearing requirements, are specified in Government Code Sections 66016 and 66018. It should be noted that Section 66018 refers to Government Code Section 6062a, which requires that the public hearing notice be published at least twice during the 10-day notice period. However, Section 66016.5 added by AB 602 in 2021 requires that impact fee nexus studies be adopted at a public hearing with at least 30-days' notice.

Government Code Section 66017 provides that fees subject to the Mitigation Fee Act do not become effective until 60 days after final action by the governing body.

Actions establishing or increasing fees subject to the Mitigation Act require certain findings, as set forth in Government Code Section 66001 and discussed in Chapter 1 of this report.

Administration

The California Mitigation Fee Act (Government Code Sections 66000 *et seq.*) mandates procedures for administration of impact fee programs, including collection and accounting, reporting, and refunds. References to code sections in the following paragraphs pertain to the California Government Code.

Notices and Statute of Limitations. Section 66006 (f) provides that a local agency, at the time it imposes a fee for public improvements on a specific development project, "... shall identify the public improvement that the fee will be used to finance." The required notification could refer to the capital improvement plan.

Section 66020 (d) (1) requires that the agency, at the time it imposes an impact fee, provide a written statement of the amount of the fee and written notice of a 90-day period during which the imposition of the fee can be protested. Failure to protest imposition of the fee during that period may deprive the fee payer of the right to subsequent legal challenge.

Section 66022 (a) provides a separate procedure for challenging the establishment of an impact fee. Such challenges must be filed within 120 days of enactment.

Collection of Fees. Section 66007(a) provides that a local agency shall not require payment of fees by developers of residential projects prior to the date of final inspection, or issuance of a certificate of occupancy, whichever occurs first.

However, "utility service fees" (not defined, but likely referring to water and sewer connections) may be collected upon application for utility service. In a residential development project of more than one dwelling unit, Section 66007 (a) allows the agency to choose to collect fees either for individual units or for phases upon final inspection, or for the entire project upon final inspection of the first dwelling unit completed.

Section 66007 (b) provides two exceptions when the local agency may require the payment of fees from developers of residential projects at an earlier time: (1) when the local agency determines that the fees "will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan prior to final inspection or issuance of the certificate of occupancy" or (2) the fees are "to reimburse the local agency for expenditures previously made."

Statutory restrictions on the time at which fees may be collected do not apply to non-residential development.

Notwithstanding the foregoing restrictions, some cities collect impact fees for all facilities at the time building or grading permits are issued, and builders may find it convenient to pay the fees at that time.

In cases where the fees are not collected upon issuance of building permits, Sections 66007 (c) (1) and (2) provide that the City may require the property owner to execute a contract to pay the fee, and to record that contract as a lien against the property until the fees are paid.

Earmarking and Expenditure of Fee Revenue. Section 66006 (a) mandates that fees be deposited "with other fees for the improvement in a separate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments, and expend those fees solely for the purpose for which the fee was collected." Section 66006 (a) also requires that interest earned on the fee revenues be placed in the capital account and used for the same purpose.

Common practice is to maintain separate funds or accounts for impact fee revenues by facility category (i.e., streets, park improvements), but not for individual projects.

Impact Fee Exemptions, Reductions, and Waivers. In the event that a development project is found to have no impact on facilities for which impact fees are charged, such project must be exempted from the fees.

If a project has characteristics that will make its impacts on a particular public facility or infrastructure system significantly and permanently smaller than the average impact used to calculate impact fees in this study, the fees should be reduced accordingly to meet the requirement that there must be a reasonable relationship between the amount of the fee and the cost of the public facility attributable to the development on which the fee is imposed. The fee reduction is required if the fee is not proportional to the impact of the development on relevant public facilities.

In some cases, an agency may desire to voluntarily waive or reduce impact fees that would otherwise apply to a project as a way of promoting goals such as affordable housing or economic development. Such a waiver or reduction is within the discretion of the governing body but may not result in increased costs to other development projects. So, the effect of such policies is that the lost revenue must be made up from sources other than impact fees.

Credit for Improvements Provided by Developers. If the City requires a developer, as a condition of project approval, to dedicate land or construct facilities or improvements for which impact fees are charged, the City should ensure that the impact fees are adjusted so that the overall contribution by the developer does not exceed the impact created by the development.

In the event that a developer voluntarily offers to dedicate land, or construct facilities or improvements in lieu of paying impact fees, the City may accept or reject such offers and may negotiate the terms under which such an offer would be accepted. Excess contributions by a developer may be offset by reimbursement agreements.

Credit for Existing Development. If a project involves replacement, redevelopment or intensification of previously existing development, impact fees should be applied only to the portion of the project that represents a net increase in demand for relevant City facilities, applying the measure of demand used in this study to calculate that impact fee.

Annual Report. Section 66006 (b) (1) requires that once each year, within 180 days of the close of the fiscal year, the local agency must make available to the public the following information for each separate account established to receive impact fee revenues:

1. A brief description of the type of fee in the account or fund;
2. The amount of the fee;
3. The beginning and ending balance of the account or fund;
4. The amount of the fees collected and interest earned;
5. Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees;
6. Identification of the approximate date by which the construction of a public improvement will commence, if the City determines sufficient funds have been collected to complete financing of an incomplete public improvement;
7. A description of each inter-fund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvement on which the transfer or loan will be expended;
8. The amount of any refunds or allocations made pursuant to Section 66001, paragraphs (e) and (f).

The annual report must be reviewed by the City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public, per Section 66006 (b) (2).

Five-Year Findings and Refunds under the Mitigation Fee Act. Prior to 1996, The Mitigation Fee Act required that a local agency collecting impact fees was required to expend or commit impact fee

revenue within five years or make findings to justify a continued need for the money. Otherwise, those funds had to be refunded. SB 1693, adopted in 1996 as an amendment to the Mitigation Fee Act, changed that requirement in material ways.

Now, Section 66001 (d) requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006 (b), and every five years thereafter, the local agency shall make all of the following findings for any fee revenue that remains unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put;
2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

Those findings are to be made in conjunction with the annual reports discussed above. If such findings are not made as required by Section 66001, the local agency could be required to refund the moneys in the account or fund, per Section 66001 (d).

Once the agency determines that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

For a useful discussion of the foregoing requirements, see “The Mitigation Fee Act’s Five-Year Findings Requirement: Beware Costly Pitfalls” by Glen Hansen, Senior Counsel, Abbott and Kindermann, and Rick Jarvis, Managing Partner, Jarvis, Fay and Gibson, presented at the 2022 League of California Cities City Attorneys Spring Conference.

Audit Requests. Section 66023 provides that any person may request an audit to determine whether any fee or charge levied by a local agency exceeds the amount reasonably necessary to cover the cost of any product, public facility, as defined in Section 66000, or service provided by the local agency. The legislative body of the local agency may retain an independent auditor to conduct the audit but is not required to conduct an audit if an audit has been performed for the same fee within the previous 12 months.

The agency shall retain an independent auditor to conduct an audit only if the person who requests the audit deposits with the local agency the amount of the local agency’s reasonable estimate of the cost of the independent audit. At the conclusion of the audit, the local agency shall reimburse unused sums, if any, or the requesting person shall pay the local agency the excess of the actual cost of the audit over the amount that was deposited.

However, if the local agency fails to comply with the annual report requirement of Section 66006 following the establishment, increase or imposition of a fee, but requires payment of that fee in

connection with the approval of a development project for three consecutive years, the agency shall not require a deposit for the independent audit and shall pay the cost of the audit.

Indexing of In-Lieu/Impact Fees. In-lieu fees and impact fees calculated in this report are based on current costs and should be adjusted periodically to account for changes in the cost of facilities or other capital assets that will be funded by those fees. That adjustment is intended to account for escalation in costs for land, construction, vehicles and other relevant capital assets. The *Engineering News Record* Building Cost Index (BCI) and Construction Cost Index (CCI) are useful for indexing construction costs. Where land costs are covered by an impact fee or in-lieu fee, land costs should be adjusted based on changes in local land prices.

Requirements Imposed by AB 602

In 2021, the California Legislature passed AB 602 and the Governor signed it into law. AB 602 creates some new requirements for impact fees that went into effect in 2022. The new law amends Government Code Section 65940.1 and adds Section 66016.5 to impose the following requirements:

- 1) A city, county or special district that has an internet website shall post on its website:
 - a) A current written schedule of fees, exactions and affordability requirements applicable to a proposed housing development project, and shall present that information in a manner that identifies the fees, exactions and affordability requirements that apply to each parcel and the fees that apply to each new water and sewer utility connection
 - b) All zoning ordinances and development standards and specifying the zoning, design and development standards that apply to each parcel
 - c) A list of the information that will be required from any applicant for a development project, as specified in Government Code Section 69540
 - d) The current and five previous annual fee reports required by Government Code Section 66006 and Subsection 66013 (d).
 - e) An archive of impact fee nexus studies, cost of service studies or equivalent conducted on or after January 1, 2018.
- 2) The above information shall be updated within 30 days of any changes
- 3) A City or County shall request from a development proponent, upon issuance of a certificate of occupancy or final inspection, the total amount of fees and exactions associated with the project for which the certificate is issued. That information must be posted on the website and updated at least twice a year.
- 4) Before adoption of an impact fee, an impact fee nexus study shall be adopted.
- 5) When applicable, the nexus study shall identify the existing level of service for each public facility, identify the proposed new level of service and explain why the new level of service is appropriate
- 6) 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 the fees collected under the original fee.

- 7) A nexus study adopted after July 1, 2022, shall calculate a fee imposed on a housing development project proportionately to the square footage of the proposed units of the development. A local agency that imposes a fee proportionately to the square footage if 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. A nexus study is not required to comply with this requirement if the agency makes certain findings outlined in the statute.
- 8) Large jurisdictions as defined in Section 53559.1 (d) of the Health and Safety Code (counties of 250,000 or more and cities in those counties) shall adopt a capital improvement plan as part of a nexus study.
- 9) All studies shall be adopted at a public hearing with at least 30-day's notice, and the local agency shall notify any member of the public that requests notice of intent to begin an impact fee nexus study of the date of the hearing.
- 10) Studies shall be updated at least every eight years, beginning on January 1, 2022.

Training and Public Information

Effective administration of an impact fee program requires considerable preparation and training. It is important that those responsible for collecting the fees, and for explaining them to the public, understand both the details of the fee program and its supporting rationale.

It is also useful to pay close attention to handouts that provide information to the public regarding impact fees. Impact fees should be clearly distinguished from other fees, such as user fees for application processing, and the purpose and use of particular impact fees should be made clear.

Finally, anyone responsible for accounting, capital budgeting, or project management for projects involving impact fees must be fully aware of the restrictions placed on the expenditure of impact fee revenues. Fees must be expended for the purposes identified in the impact fee nexus study in which they were calculated, and the City must be able to show that funds have been properly expended.

Recovery of Administrative Costs

To recover the cost of periodic impact fee update studies and ongoing staff costs for capital budgeting, annual reports, eight-year updates and other requirements of the Mitigation Fee Act, an administrative charge may be added to the impact fees calculated in this report. That fee should be based on the cost of providing administrative services. See City's Staff Report for a discussion of an administrative charge to recover some costs for administration and updating of impact fees, if applicable.

Appendix A

Fee Comparison

Development Type/Fee Category	Fee Type / Unit	Maximum Proposed Fee	Beverly Hills	Burbank [2]	Los Angeles [3]	Monterey Park [4]	Santa Monica [5]	West Hollywood [6]	Arcadia [7]	Manhattan Beach [8]	Pasadena [9]	Glendale [10]	Inglewood [11]	Hawthorne [12]	Gardena [13]			
Park Land In-Lieu Fees (Subdivisions)																		
Residential (dwelling unit)																		
Residential: <500 Sq. Ft.	Per DU	\$ 7,987	Park Land Dedication fee calculated on case by case basis	In Lieu fees are merged / collected through DIF	Residential Subdivision Projects (w/vested rights on or after 1/11/17): \$17,060 Per DU	No specific land dedication requirements or in-lieu fees codified	In Lieu fees are merged / collected through DIF	Land Dedication and/or Fees are required but fee amounts are not specified	In Lieu fees are merged / collected through DIF	Quimby/ Parkland Fee \$1,817 per DU	In Lieu fees are merged / collected through DIF	Quimby: Single Family \$19,795; Multi-Family \$17,006	Park Land Dedication fee calculated on case by case basis	no reference to parl land dedication or in-lieu fees in Municipal Code	Park-in-lieu fee - \$10,000 per unit			
Residential: 500 - 850 Sq. Ft.	Per DU	\$ 9,584																
Residential: >850-1,200 Sq. Ft.	Per DU	\$ 17,571																
Residential: >1,200-2,500 Sq. Ft.	Per DU	\$ 23,961																
Residential: >2,500 Sq. Ft.	Per DU	\$ 27,155																
Park Land Impact Fees (Non-Subdivision Projects) and/or Park Improvement Impact Fees																		
Residential (dwelling unit)																		
Residential: <500 Sq. Ft.	Per DU	\$ 5,679	No DIF - Parks and Recreation Construction Tax \$8.50 per s.f.	Multi - Family: Affordable above Minimum Quantity \$2,608.20, Affordable w/in Min Quantity \$3,494.93, Market Rate \$4,171.64 Single - Family: Affordable above Minimum Quantity \$3,319.92, Affordable w/in Min Quantity \$4,448.49, Market Rate \$5,311.88	Non-Subdivision Residential Projects (w/vested rights on or after 1/11/17): \$8,362 Per DU	Recreation and Park Development Fee: Detached Dwelling Units: \$3,677 per unit Attached Dwelling Units: \$3,730 per unit Commercial Lodging: \$17 per unit	Multi Family (Studio/1BR): \$5,510.90 per unit	No DIF for Parks	Park Facilities Impact Fee - Single Family \$2.85 per s.f.; Multi-Family \$3.73 per s.f.	No DIF for Parks Listed	Studio – \$23,113.02	DIF: Single Family \$21,828; Multi-Family \$18,751	No DIF for Parks listed	DIF: Single Family \$3,569; Multi-Family \$2,538	No DIF for Parks listed; City has a general DIF for Multit-Family Developments of \$1,000 Per DU			
Residential: 500 - 850 Sq. Ft.	Per DU	\$ 6,814					Multi Family (2+ BR): \$8,876.32 per unit				1 Bedroom – \$24,391.60							
Residential: >850-1,200 Sq. Ft.	Per DU	\$ 12,493					Single Family: \$10,169.48 per unit				2 Bedroom – \$27,089.84							
Residential: >1,200-2,500 Sq. Ft.	Per DU	\$ 17,036									3 Bedroom – \$31,152.20							
Residential: >2,500 Sq. Ft.	Per DU	\$ 19,307									4 Bedroom – \$37,850.99; 5+ Bedroom \$42,783.22							

Development Type/Fee Category	Fee Type / Unit	Maximum Proposed Fee	Beverly Hills	Burbank [2]	Los Angeles [3]	Monterey Park [4]	Santa Monica [5]	West Hollywood [6]	Arcadia [7]	Manhattan Beach [8]	Pasadena [9]	Glendale [10]	Inglewood [11]	Hawthorne [12]	Gardena [13]
Non-Residential															
Fees are not recommended for non-residential development in Culver City - Information is provided for comparison purposes only				Per s.f.: Office \$5.3; Retail \$3.15; Warehouse/Industrial \$3.18; Studio \$3.51; per room: Lodging \$610.95	Not applicable to non-residential	Per s.f.: Retail/Services/Office \$0.064; Manufacturing/Industrial \$0.032; Institutional \$0.161	Per s.f.: Office \$14.93; Creative Office \$12.77; Medical Office \$9.18; Hospital \$9.19; Retail \$12.98; Hotel \$4.09; Industrial \$10.03; Institutional \$13.62	Development Exaction Fee for Public Open Space \$0.79 of net new commercial per s.f.	Not applicable to non-residential		Not applicable to non-residential	per s.f.: Commercial \$6.50; Office \$7.92; Industrial \$3.24		Not applicable to non-residential	
Community and Recreation Center Impact Fees															
Residential: <500 Sq. Ft.	Per DU	\$ 2,612													
Residential: 500 - 850 Sq. Ft.	Per DU	\$ 3,134													
Residential: >850-1,200 Sq. Ft.	Per DU	\$ 5,746	No DIF for Community and Recreation Centers Listed	see community facilities fee shown for parks	No DIF for Community and Recreation Centers Listed	Public Meeting Facilities (may or may not include community centers): \$1,660 Per Detached DU; \$1,684 Per Attached DU	No DIF for Community and Recreation Centers Listed	No DIF for Community and Recreation Centers Listed	No DIF for Community and Recreation Centers Listed	No DIF for Community and Recreation Centers Listed; City has a new construction tax of \$700 Per DU	No DIF for Community and Recreation Centers Listed	No DIF for Community and Recreation Centers Listed	No DIF for Community and Recreation Centers Listed	No DIF for Community and Recreation Centers Listed	No DIF for Community and Recreation Centers Listed; City has a general DIF for Multi-Family Developments of \$1,000 Per DU
Residential: >1,200-2,500 Sq. Ft.	Per DU	\$ 7,835													
Residential: >2,500 Sq. Ft.	Per DU	\$ 8,880													

Development Type/Fee Category	Fee Type / Unit	Maximum Proposed Fee	Beverly Hills	Burbank [2]	Los Angeles [3]	Monterey Park [4]	Santa Monica [5]	West Hollywood [6]	Arcadia [7]	Manhattan Beach [8]	Pasadena [9]	Glendale [10]	Inglewood [11]	Hawthorne [12]	Gardena [13]
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[Notes]

[1] Sourced: Miscellaneous Development Fees and Taxes eff July 15, 2023

[2] Sourced: FY 2025-26 Fee Schedule. Note the Community Facilities Fee includes multiple facilities: Parks and Rec., Police, Library, Fire, and IT. Data not available to segregate fees per facility type

[3] Sourced: "LosAngeles_Park Mitigation Fee Schedule.pdf "

[4] Sourced: "MontereyPark_msf final_2024.pdf"

[5] Sourced: "Santa Monica_Development Impact Fee Handout 2024-25.pdf"

[6] Sourced: "City of West Hollywood, CA DEVELOPMENT FEES.pdf"

[7] Sourced: "Arcadia - Annual Development Impact Fee Report.pdf"

[8] Sourced: "ManhattanBeach_2024_Developer Impact Fees.pdf "

[9] Sourced: "FY 2025 Schedule of Taxes, Fees...". Fee Reduction of 30% for Non-Affordable Units if Affordable Housing is Built on Side

[10] Sourced: "FY 202425 Citywide Fee Sch.pdf"

[11] Sourced: "CityofInglewood_Fee Schedule.pdf"

[12] Sourced: "cm_pubnotice-CityofHawthorne_2019-20-DevelopmentImpactFeeAnnualReport.pdf"

[13] Sourced: "City-Fee-Schedule-Effective-July-1-2024.pdf"