

**TOWN OF YOUNTVILLE
DEVELOPMENT
IMPACT FEE STUDY**

May 2005

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Appendix A: Government Code Section 66000 et seq.

Introduction

This report recommends new development impact fees for the Town of Yountville. These impact fees are designed based on an allocation of the cost of new and existing Town capital facilities between existing and new development. The impact fees are intended to recover the allocated cost of capital facilities from new development.

This report updates existing fees and recommends new fees, in order to fully recover the proportionate cost of providing capital facilities to new development. Existing fees which are updated in this report include connection fees for the Town's water and sewer systems, as well as the traffic facilities and affordable housing fees. New fees recommended by this study cover civic facilities (including the new community center), drainage and flood control projects, parks, and public safety. The utility undergrounding fee is recommended to be adjusted based on new cost estimates, but the original methodology is adequate and will be maintained.

The report documents a reasonable relationship between new development and impact fees for funding new development's fair share of both existing and planned public facilities. The fee schedule developed will apply to both residential and non-residential development in the Town of Yountville.

Mitigation Fee Act

The Mitigation Fee Act in California Government Code Section 66000 et seq., establishes requirements for setting and administering impact fees. The act requires local governments to make the following findings when adopting an impact fee:

1. Identify the purpose of the fee;
2. Identify the use of fee revenues;
3. Determine a reasonable relationship between the fee's use and the type of development paying the fee;
4. Determine a reasonable relationship between the need for the fee and the type of development paying the fee; and
5. Determine a reasonable relationship between the amount of the fee and the cost of the facility attributable to development paying the fee.

In general, the fee may not exceed the cost of the facilities needed to accommodate the development paying the fee, and fee revenues can only be used to fund construction of the identified improvements.

This report addresses the requirements noted above in the following sections:

- The Introduction section identifies the purpose of the fees.
- The Existing and Planned Facilities section summarizes the existing assets and planned capital improvements, categorized by type. The Facilities Service Population section estimates the amount of future development to be served by the Town's facilities. These sections establish a reasonable relationship between the use of fee revenues and the type of development paying the fee by identifying the improvements to be funded by the fee. These sections also establish a reasonable relationship between the need for the fee and the type of development paying the fee.
- The Development Impact Fees section establishes reasonable relationships between the amount of the fees and the categorized costs of facilities attributable to development.

These impact fees are determined in accordance with Government Code Section 66000 et seq., which is attached as Appendix A.

Existing Fees

The Town of Yountville currently charges connection fees for connection to the Town's water and sewer systems, and development impact fees to recover new development's share of costs relating to affordable housing, parks, traffic mitigation, and utility undergrounding. The Town also collects impact fees in limited areas to fund allocated costs of specific drainage and private road projects. The Town's existing connection and impact fees are listed in Tables 1, 2, and 3.

Existing fees are calculated based on square footage of development, number of living units, linear front footage, or single family equivalent dwelling unit (EDU). Tables 2 and 3 list EDUs for different water meter sizes and types of development, respectively.

Table 1
Town of Yountville
Existing Development Impact Fees

Fee / development type	Fee	Unit
General Fees		
Affordable Housing		
Office	\$1.50	per square foot
Hotel / inn	2.20	per square foot
Retail / service	1.20	per square foot
Industrial	0.60	per square foot
Park In-Lieu Fees (Residential)		
Mother-in-law / studio / one bedroom	150	per unit
One bedroom plus den / two bedroom	200	per unit
Two bedroom plus den / three bedroom	250	per unit
Four bedroom	300	per unit
Traffic Mitigation*		
Madison Street / Highway 29 intersection	83	per peak hour trip
Washington St. / California Dr. intersection	145	per peak hour trip
Utility Undergrounding		
New development fronting a "primary street"	160	per lineal foot of frontage
Development not fronting a "primary street"		
Single family residence	764	per unit
Apartment unit	518	per unit
Commercial buildings	3.25	per square foot
Non-Area Wide Fees		
Mesa Court drainage benefit district		
New home or lot	2,055	per unit
New second unit	525	per unit
Tallent Lane private road benefit district		
New home or lot	2,270	per unit
New second unit	1,135	per unit

* Fee imposed on any new building or additions or expansions to existing buildings that result in additional traffic at the specified intersections, as determined by the Institute of Traffic Engineer's Trip Generation manual.

Table 2
 Town of Yountville
 Existing Water System Connection Fees

Connection type	Fee	Equivalent Dwelling Unit (EDU)
Residential		
Single family dwellings	\$1,657	1.00
Multi-family dwellings, per unit	1,160	0.70
Non-Residential		
3/4" meter	1,657	1.00
1" meter	2,767	1.67
1 1/2" meter	5,518	3.33
2" meter	8,832	5.33
3" meter	17,680	10.67
4" meter	27,622	16.67
6" meter	55,228	33.33
8" meter	88,368	53.33

Table 3
Town of Yountville
Existing Sewer System Connection Fees

	Fee	EDU
Single family dwelling unit	\$4,154	1.0
Multi-family dwelling unit	2,908	0.7
Restaurants	4,154	1.0
plus: per each seven seats	4,154	1.0
Single unit commercial	4,154	1.0
plus:		
per automatic clothes washer	470	0.11
per automatic dishwasher (residential)	470	0.11
per bathtub	315	0.08
per dental chair	315	0.08
per floor drain	155	0.04
per drinking fountain or electric cooler	155	0.04
per laundry tray	315	0.08
per dry cleaning machine	315	0.08
per regular lavatory	155	0.04
per sink - kitchen, lab, shop, surgeons	315	0.08
per shower stall	315	0.08
per toilet	945	0.23
per urinal	315	0.08
per commercial garbage grinder	315	0.08
or:		
per unit not listed above, in units as determined in the Uniform Plumbing Code	155	0.04
Multi-unit commercial	4,154	1.00
or, a fixture charge in accordance with the forgoing schedule, whichever is greater.		
Churches	4,154	1.00
or, a fixture charge in accordance with the single unit commercial fee schedule		
Schools, per person*	296.71	0.07

* Determined by the formula $((P \times 25) / 350) \times \$4,154$, where:
P is the total school population;
25 is estimated gallons per day per person of school population;
350 is estimated gallons per day per residence; and
\$4,154 is connection fee per single family dwelling.

Existing and Planned Facilities

The Town's existing and planned public facilities provide the basis for updating the Town's development impact fees, except for the affordable housing fee which uses a different methodology. Table 4 shows a summary of existing Town facilities as well as currently planned future capital investments. This table includes only the acquisition cost of assets for which the Town will recover costs through development impact fees. Certain Town assets, including the recently completed flood wall, were not paid for with Town funds, and therefore are not eligible for cost recovery through development impact fees.

Table 4 Town of Yountville Summary of Existing and Future Assets		
Asset class	Acquisition Cost	Weighted Average Acquisition Date (1)
Existing Assets		
Water system	\$2,358,521	1994
Sewer system	6,545,790	1991
Civic facilities	1,207,071	1998
Drainage and flood control facilities (2)	0	n/a
Traffic facilities	8,250,789	2000
Park and recreation facilities	1,357,203	2000
Public safety facilities	<u>102,412</u>	2001
Total identified existing assets	\$19,821,787	
Future Assets		
Water system	1,145,000	2005-2009
Sewer system	1,435,000	2005-2009
Civic facilities	7,633,000	2005-2007
Drainage and flood control facilities	790,000	2005-2007
Traffic facilities	1,002,500	2005-2009
Park and recreation facilities	610,000	2005-2009
Public safety facilities	<u>650,000</u>	2005-2007
Total identified future assets	\$13,265,500	
Total identified existing and future assets	\$33,087,287	

Source: Compiled by Bartle Wells Associates from Town records and CIP.

- 1- Acquisition date of asset class is weighted by acquisition cost and date of individual items.
- 2- Existing drainage facilities assets exclude the externally funded flood wall project, and other non-Townwide projects.

Existing assets have been divided by type into seven classes, on which the updated development impact fees will be based. Acquisition costs of existing assets have been compiled from Town records, including the Town's 2004 audited financial statements (draft version), capital asset depreciation schedules and purchase records, insurance documents, and the Town's pavement management system. Further detail on existing

assets is found on Tables 10 – 16, which show the calculation of each development impact fee.

Table 5 shows an itemized list of the Town’s planned future capital acquisitions. This list is based on the Town’s five-year capital improvement program (CIP) covering years 2005—2009. It has been modified from the published CIP by including additional planned projects not published in the most recent CIP, and excluding items which are maintenance-related or replacements of existing assets. Costs of maintenance and replacement projects are not eligible for recovery through a development impact fee.

Table 5
Town of Yountville
Five Year Capital Improvement Program, FY 2005-2009

Project	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Civic Facilities						
Town hall remodel	\$0	\$50,000	\$510,000	\$0	\$0	\$560,000
Community center project	1,500,000	5,000,000	0	0	0	6,500,000
Swimming pool	750,000	0	0	0	0	750,000
Development impact fee study	37,000	0	0	0	37,000	74,000
Accessibility improvements	75,000	75,000	75,000	75,000	75,000	375,000
Corporation yard paving	0	24,000	0	0	0	24,000
Subtotal: civic facilities	2,362,000	5,149,000	585,000	75,000	112,000	8,283,000
Parks and Recreation						
Vineyard park phase II improvements	0	75,000	0	0	0	75,000
Vineyard park tennis courts	0	0	80,000	0	0	80,000
Bardessono park construction	0	0	50,000	0	0	50,000
Park equipment & improvements	75,000	130,000	75,000	75,000	50,000	405,000
Subtotal: parks and recreation	75,000	205,000	205,000	75,000	50,000	610,000
Drainage & Flood Control						
Beard ditch / ditch improvements	70,000	100,000	0	0	0	170,000
Hopper creek miscellaneous	0	15,000	0	0	0	15,000
Town-wide drainage	25,000	50,000	50,000	50,000	50,000	225,000
Lower Hopper	0	0	100,000	0	0	100,000
Storm water management projects - NPDES	20,000	25,000	25,000	25,000	25,000	120,000
Hopper creek restoration	0	40,000	0	120,000	0	160,000
Subtotal: drainage & flood control	115,000	230,000	175,000	195,000	75,000	790,000
Streets & Transportation						
Bicycle paths	0	25,000	25,000	50,000	50,000	150,000
Finnell Road bridge improvement	0	0	50,000	50,000	0	100,000
North Washington Street master plan	25,000	0	30,000	100,000	0	155,000
Tree, sidewalk, curb & gutter replacement	75,000	70,000	70,000	70,000	70,000	355,000
Bus shelters	0	0	0	25,000	25,000	50,000
Directional signs	12,500	10,000	0	0	0	22,500
Traffic calming & parking study	40,000	65,000	65,000	0	0	170,000
Subtotal: streets & transportation	152,500	170,000	240,000	295,000	145,000	1,002,500
Water Distribution						
Water supply	1,000,000	0	0	0	0	1,000,000
Meter automation	100,000	0	0	0	0	100,000
Pressure pit upgrades	0	0	10,000	15,000	20,000	45,000
Subtotal: water distribution	1,100,000	0	10,000	15,000	20,000	1,145,000
Sewer / Water Reclamation						
Treatment plant modifications (Title XXII upgrades)*	0	75,000	0	60,000	0	135,000
Realign F-line	0	60,000	0	0	0	60,000
F-line improvements / A-line realignment	180,000	0	0	0	0	180,000
Lateral replacement & infiltration improvements	70,000	70,000	50,000	50,000	0	240,000
Napa River effluent diffuser*	0	300,000	500,000	0	0	800,000
Pump station	20,000	0	0	0	0	20,000
Subtotal: wastewater / water reclamation	270,000	505,000	550,000	110,000	0	1,435,000
Total CIP	\$4,074,500	\$6,259,000	\$1,765,000	\$765,000	\$402,000	\$13,265,500

Source: Prepared by Bartle Wells Associates, based on Town of Yountville 5-year CIP and discussions with Town staff.

* Projects are 50% funded by the Veteran's Home; listed costs reflect the Town's portion of project costs.

Certain assets are allocable to more than one asset class; the allocations for existing and future planned assets are shown in Table 6.

Table 6		
Town of Yountville		
Allocation of Dual-Use Assets		
<u>Assets</u>	<u>Cost</u>	<u>Allocation</u>
Existing Assets		
<u>Corporation Yard</u>		
Allocable to water enterprise	\$19,369	25%
Allocable to sewer enterprise	19,369	25%
Allocable to civic facilities	<u>38,739</u>	<u>50%</u>
Corporation yard acquisition cost	\$77,477	100%
<u>Hydrovac</u>		
Allocable to sewer enterprise	\$113,472	83%
Allocable to drainage and flood control	<u>22,681</u>	<u>17%</u>
Hydrovac acquisition cost	\$136,153	100%
Future Projects		
<u>Community Center</u>		
Allocable to public safety	\$650,000	10%
Allocable to civic facilities	<u>5,850,000</u>	<u>90%</u>
Total project cost	\$6,500,000	100%
<u>Water Supply</u>		
Allocable to current users	\$670,000	67%
Allocable to future users	<u>330,000</u>	<u>33%</u>
Total project cost	\$1,000,000	100%
Source: Developed by Bartle Wells Associates based on input from Town staff.		

Facilities Service Population

The Town's facilities serve both residents and businesses. Civic facilities including Town hall and the planned community center, public safety equipment, parks and recreation facilities, and drainage facilities provide services to all Town residents and properties. The water and sewer systems provide service to all properties that connect to those systems. The need for services and associated facilities is measured by the Town's service population, which includes both residential and non-residential entities.

Table 7 shows an historical and current inventory of development by land use category, and projection of developed property within Town limits at build-out. Build-out projections are based on the more conservative estimate contained in the Town's July 2004 Water Supply Plan Update, which assumes a lower-density infill than the more

aggressive projection. The build-out estimate used in this study has been modified to include information that has become available since that report was published. Through build-out, the Town expects about 14 percent growth in residential dwelling units, a 24 percent expansion of commercial and retail square footage, and 35 percent growth in number of hotel rooms.

Table 7
Town of Yountville
Build-out Projections

Land Use Category	Unit Type	2000	2001	2002	2003	Build-out Projection	Projected Growth
Residential							
Single family residential	Dwelling unit	544	547	549	549	672	123
Condominium / townhouse	Dwelling unit	172	172	172	175	175	0
Multifamily residential	Dwelling unit	82	82	82	82	120	38
Mobile home parks	Dwelling unit	<u>319</u>	<u>319</u>	<u>319</u>	<u>319</u>	<u>319</u>	<u>0</u>
Total residential uses	Dwelling unit	1,117	1,120	1,122	1,125	1,286	161
Commercial							
Commercial / retail	Square foot	126,951	126,951	126,951	126,591	157,069	30,478
Restaurant / bar	Seats	907	907	907	907	907	0
Hotel / Inns	Rooms	345	345	345	345	465	120
Institutional							
Adventist home	Persons	90	90	90	90	90	0
Church	Total	3	3	3	3	3	0
School	Students	196	196	196	166	166	0

Source: West Yost Associates Water Supply Plan Update, July 2004.

Table 8 shows current and projected water demand, while Table 9 shows estimated sewer EDUs at present and projected at build-out. The current number of EDUs has been estimated based on a known water demand per EDU of 114,000 gallons per year, which converts to 1,479 sewer EDUs using annual water sales of 169 million gallons.

For most development impact fees, EDUs (based on projections shown in Table 9) will be used as a proxy for the Town's facilities service population. This measure serves to effectively convert commercial square footage and number of hotel rooms into a single family residence equivalent demand for Town facilities and services.

Table 8
Town of Yountville
Current and Projected Water Demand
(Millions of Gallons per Year)

	2003	Buildout Projection	New Demand	New as % of Total
Residential				
Single family residential	62.9	76.9	14.0	18%
SFR outside of Town	7.1	7.1	0.0	0%
Condo / townhouse	6.9	6.9	0.0	0%
Condo / landscape	13.7	7.6	-6.1	-80%
Multi-family	5.2	7.6	2.4	32%
Mobile home parks	<u>15.9</u>	<u>15.9</u>	<u>0.0</u>	<u>0%</u>
Subtotal: residential	111.7	122	10.3	8%
Commercial				
Commercial / retail	9.1	11.2	2.1	19%
Restaurants	11.7	11.7	0.0	0%
Hotel / inns	<u>20.4</u>	<u>25.2</u>	<u>4.8</u>	<u>19%</u>
Subtotal: commercial	41.2	48.1	6.9	14%
Institutional	10.3	10.3	0.0	0%
Municipal	5.4	11.6	6.2	53%
Total demand	168.6	192	23.4	12%

Source: Water Supply Plan Update (West Yost, July 2004).

Table 9
Town of Yountville
Current and Projected Sewer EDUs

	2003	Build-out Projection	New EDUs	New as % of Total
Estimated sewer EDUs				
Single family residential	614	752	138	18%
Multi-family residential	<u>366</u>	<u>390</u>	<u>24</u>	<u>6%</u>
Subtotal: residential	980	1,142	162	14%
Commercial / retail	80	99	19	19%
Restaurant / bar	103	103	0	0%
Hotel / Inns	179	241	62	26%
Institutional and municipal	<u>138</u>	<u>138</u>	<u>0</u>	<u>0%</u>
Subtotal: nonresidential	499	580	81	14%
Total wastewater EDUs	1,479	1,722	243	14%

Note: wastewater EDUs estimated based on 2003 estimate of 1,479 sewer EDUs:

Total water demand	168.6 MG
EDU water demand	<u>0.114</u> MG
Total EDUs	1,479

Buildout projection based on projected buildout unit ratios.

Development Impact Fees

Tables 10 through 16 determine development impact fees for seven classes of Town assets. Tables 17 through 19 determine the affordable housing impact fee, and Table 20 shows a cost escalation update for the Town's existing utility undergrounding development impact fee. Each impact fee is calculated on a per EDU basis, with the exception of the water system connection fee, which is calculated per million gallons of consumption; the affordable housing fee, based on square footage of commercial development; and the utility undergrounding fee, which is based on street frontage, EDU, or square footage. The fees incorporate the costs of existing and planned facilities. The costs of existing and planned facilities are spread over the build-out service population. This methodology ensures an equitable distribution of total system costs between existing and new development by using an average cost buy-in to the Town's facilities.

A development impact or connection fee is generally designed to recover the average investment made by a public agency in a given set of facilities. An impact fee created using an average cost buy-in approach is appropriate for use where facilities will have capacity to serve future growth such as is the case in the Town of Yountville. The average cost is determined by calculating the replacement value (less depreciation) of existing facilities and adding the expected cost of facilities planned for the near future, and then dividing this amount by the number of units that the facilities are expected to serve. This method thus establishes a reasonable relationship between the amount of the fee and the average cost of the facilities attributable to development.

Each of the seven following tables shows the acquisition cost and date of existing assets in that asset class for which costs may appropriately be recovered through a development impact fee. The Engineering News Record (ENR) Construction Cost Index (CCI) is used to adjust historical acquisition costs to present value; this amount is known as “replacement cost new” (RCN). RCN less depreciation, or RCNLD, is calculated by subtracting accumulated depreciation from the value of each asset. The RCNLD gives the present value of existing assets. Future planned facilities are those capital investments planned over the next five years by the Town, and are denominated in 2005 dollars, therefore requiring no further adjustment.

The development impact fees are calculated on an EDU basis as a proxy for estimating the use of facilities by future development. Bartle Wells Associates recommends that the Town retain its current EDU conversion rates for non-residential development, as shown in Table 2 (for the water connection fee) and Table 3 (for all other development impact fees).

Water Connection Fee

Table 10 shows the calculation of the water connection fee, which is \$26,154 per million gallons of demand, or \$2,982 per single family residence.

	Acquisition Cost	Acquisition Date	Inflation Factor (1)	RCN	Accumulated Depreciation (2)	RCNLD
Existing facilities						
Land and water rights	\$633,000	1999	n/a	\$633,000	\$0	\$633,000
Buildings and improvements	40,001	1994	1.260	50,000	15,000	35,000
Distribution system	1,469,684	1994	1.260	1,852,000	534,000	1,318,000
Equipment	196,467	1994	1.260	248,000	71,000	177,000
Allocated portion of corporation yard (3)	19,369	1995	1.255	24,000	15,000	9,000
Total existing facilities	2,358,521		1.190	2,807,000	635,000	2,172,000
Future planned facilities						
CIP-listed water supply projects	1,000,000	2005-08				1,000,000
CIP-listed water distribution projects	145,000	2005-09				145,000
Total value of water facilities						\$3,317,000
Total value of water facilities excluding new water supply projects						\$2,317,000
Allocation of benefits -- applies to all development by water demand						
Portion of water facilities, excluding new water supply, allocable to future users (4)				\$2,317,000	12%	\$282,000
Portion of new water supply projects allocable to future users (3)				1,000,000	33%	330,000
Total allocated to future users				3,317,000	18%	\$612,000
Total new water demand (MGY)						23.4
Allocated cost per new million gallons of demand						\$26,154
Fee for single family residence (5)						\$2,982

1- Calculated from ENR construction cost index (CCI).
2- Accumulated depreciation reported in 2004 draft audit, prorated to each asset category.
3- See table 6.
4- Percentage derived from proportion of new water demand at buildout -- see table 8.
5- Assumes demand per single family residence of 114,000 gallons per year, consistent with Water Supply Plan Update.

The water connection fee is designed to recover capital costs related to the treatment and supply of potable water expended by the Town in order to provide excess capacity for the

use of future development. Included in current assets are the treatment plant and equipment, distribution system, land and water rights, and an allocated portion of the Town corporation yard. Future projects include expansion of the Town's water distribution system and water supply. General water assets are allocated 12 percent to new development, as seen in Table 8 which shows the proportion of total water demand expected to come from new development. The development of a new water supply is allocated 33 percent to new development, as shown in Table 6, as this proportion of the project is intended to create supply for new development.

Sewer Connection Fee

Table 11 shows the calculation of the sewer connection fee. The sewer connection fee recovers capital costs related to the collection and treatment of the Town's wastewater. Current assets include the Town's wastewater collection system and treatment plant, as well as land, equipment, and an allocated portion of the Town's corporation yard. Because construction date of the Town's sewer facilities is unknown, an estimated average 50-year useful life was used in support of Town staff estimates to estimate the acquisition date based on recorded asset values and accumulated depreciation.

The CIP lists several future capital projects related to improvement of the Town's collection system and treatment plant. Table 9 shows that projected build-out development will add 243 EDUs to the sewer system, or 14 percent. This proportion of assets is assigned to new development, resulting in a per-EDU sewer connection fee of \$5,449.

Table 11
Town of Yountville
Calculation of Sewer Connection Fee

	Acquisition Cost	Acquisition Date (1)	Inflation Factor (2)	RCN	Accumulated Depreciation (3)	RCNLD
Existing facilities						
Land	\$5,091	1994	n/a	\$5,000	\$0	\$5,000
Buildings and improvements	27,444	1982	1.648	45,000	12,000	33,000
Treatment plant and collection system	5,845,028	1982	1.648	9,631,000	2,519,000	7,112,000
Equipment	648,858	1982	1.648	1,069,000	280,000	789,000
Allocated portion of corporation yard (4)	<u>19,369</u>	1995	<u>1.255</u>	<u>24,000</u>	<u>15,000</u>	<u>9,000</u>
Total existing facilities	6,545,790		1.646	10,774,000	2,826,000	7,948,000
Future planned facilities						
CIP-listed sewer facilities projects	1,435,000	2005-09				<u>1,435,000</u>
Total value of sewer facilities						\$9,383,000
Allocation of benefits						
Portion of sewer facilities allocable to future users (5)					14%	\$1,324,000
New development sewer EDUs)						243
Allocated cost per new EDU						\$5,449

1- Based on estimates of Town staff.

2- Calculated from ENR construction cost index (CCI).

3- Accumulated depreciation reported in 2004 draft audit, prorated to each asset category (excluding corporation yard, which is accounted for separately).

4- See table 6.

5- Percentage derived from proportion of new EDUs at buildout -- see table 9.

Park and Recreation Impact Fee

Table 12 calculates the development impact fee for Town park and recreation facilities. The impact fee per EDU is \$1,058.

	Acquisition Cost	Acquisition Date (1)	Inflation Factor (2)	RCN	Accumulated Depreciation	RCNLD
Existing facilities						
Land	\$117,200	2000	n/a	\$117,000	\$0	\$117,000
Buildings	210,920	1997	1.222	258,000	80,000	178,000
Equipment	257,755	1997	1.222	315,000	146,000	169,000
Improvements	<u>771,328</u>	2001	<u>1.112</u>	<u>858,000</u>	<u>113,000</u>	<u>745,000</u>
Total existing park and recreation facilities	1,357,203		1.141	1,548,000	339,000	1,209,000
Future planned facilities						
CIP-listed parks and recreation projects	610,000	2005-09				<u>610,000</u>
Total value of park and recreation facilities						\$1,819,000
Allocation of benefits						
Portion of park and recreation facilities allocable to future users (3)					14%	\$257,000
New development (EDUs)						243
Allocated cost per EDU						\$1,058

1- Weighted average acquisition date.
2- Calculated from ENR construction cost index (CCI).
3- Percentage derived from proportion of new units at buildout -- see table 9.

Public Safety Impact Fee

Table 13 shows the calculation of the Town's public safety impact fee. The major asset in this class is a 10 percent allocation of the planned community center for use as a sheriff substation. The public safety impact fee per EDU is \$436.

	Acquisition Cost	Acquisition Date (1)	Inflation Factor (2)	RCN	Accumulated Depreciation	RCNLD
Existing facilities and equipment						
Public safety equipment	\$92,257	2001	1.112	\$103,000	\$11,000	\$92,000
Other	<u>10,155</u>	1998	<u>1.202</u>	<u>12,000</u>	<u>5,000</u>	<u>7,000</u>
Total existing facilities and equipment	102,412		1.123	115,000	16,000	99,000
Future planned facilities						
Allocated portion of community center project	650,000	2005-07				<u>650,000</u>
Total value of public safety facilities and equipment						\$749,000
Allocation of benefits						
Portion of public safety facilities allocable to future users (3)					14%	\$106,000
New development (EDUs)						243
Allocated cost per EDU						\$436

1- Weighted average acquisition date.
2- Calculated from ENR construction cost index (CCI).
3- Percentage derived from proportion of new units at buildout -- see table 9.

Civic Facilities Impact Fee

The civic facilities asset class includes general Town infrastructure, including the existing community hall and most of the planned community center, general government buildings and improvements, and the planned Town swimming pool. Table 14 shows the civic facilities impact fee of \$5,112 per EDU.

Table 14
Town of Yountville
Calculation of Civic Facilities Impact Fee

	Acquisition Cost	Acquisition Date (1)	Inflation Factor (2)	RCN	Accumulated Depreciation	RCNLD
Existing facilities						
Community hall (3)	n/a	n/a	n/a	n/a	n/a	\$917,000
General government land (town hall parcel)	\$56,483	1995	n/a	\$56,000	0	56,000
General government buildings and improvements	172,168	1997	1.256	216,000	65,000	151,000
Allocated portion of corporation yard and equipment (4)	<u>61,420</u>	1998	<u>1.202</u>	<u>74,000</u>	<u>30,000</u>	<u>44,000</u>
Total existing facilities	290,071		1.193	346,000	95,000	1,168,000
Future planned facilities						
Allocated portion of community center project (4)	5,850,000	2005-07				5,850,000
Other civic facilities CIP projects	1,783,000	2005-07				<u>1,783,000</u>
Total value of park and recreation facilities						\$8,801,000
Allocation of benefits						
Portion of civic facilities allocable to future users (5)					14%	\$1,242,000
New development (EDUs)						243
Allocated cost per EDU						\$5,112

- 1- Weighted average acquisition date.
- 2- Calculated from ENR construction cost index (CCI).
- 3- RCNLD data supplied by Town insurance policy.
- 4- See table 6.
- 5- Percentage derived from proportion of new units at buildout -- see table 9.

Traffic Facilities Impact Fee

The traffic facilities impact fee is calculated at \$4,334 per EDU in Table 15.

Table 15
Town of Yountville
Calculation of Traffic Facilities Impact Fee

	Acquisition Cost	Acquisition Date (1)	Inflation Factor (2)	RCN	Accumulated Depreciation (3)	RCNLD
Existing facilities						
Street network (4)	\$7,923,753	2000	1.105	\$8,754,000	\$2,615,000	\$6,139,000
Traffic control signals	148,291	1998	1.202	178,000	35,000	143,000
Sidewalks, bike paths, and other	<u>178,745</u>	2004	<u>1.000</u>	<u>179,000</u>	<u>0</u>	<u>179,000</u>
Total existing facilities	8,250,789		1.104	9,111,000	2,650,000	6,461,000
Future planned facilities						
Traffic CIP projects	1,002,500	2005-09				<u>1,002,500</u>
Total value of traffic facilities						\$7,463,500
Allocation of benefits -- applies to all development						
Portion of traffic facilities allocable to future users (5)					14%	\$1,053,000
New development (EDUs)						243
Allocated cost per EDU						\$4,334

- 1- Weighted average acquisition date.
- 2- Calculated from ENR construction cost index (CCI).
- 3- Accumulated depreciation of street network based on condition assessment of 67% of new, as calculated by the Town's PMS. Traffic control signal depreciation estimated based on 30 year useful life.
- 4- Replacement cost as of 2000, as calculated by the Town's pavement management system (PMS), is stated as acquisition cost.
- 5- Percentage derived from proportion of new units at buildout -- see table 9.

The Town’s single largest asset in dollar value is its road system. The traffic facilities impact fee is designed to recover the portion of traffic and transportation related costs allocable to new development, and includes traffic control signals, sidewalks and bike paths, and signage in addition to the road system.

Drainage and Flood Control Impact Fee

The drainage and flood control impact fee is designed to recover costs of flood control projects which have a general benefit to the Town’s residents and businesses. The recently completed flood wall project does not qualify for cost recovery through a development impact fee, as it was funded using tax moneys allocated from the County of Napa as well as grants. Other past flood control projects are excluded because they represent projects with localized impact, and are paid for through development-specific fees (for example the Mesa Court drainage benefit district fee as shown in Table 1). Therefore, no existing assets are listed for this fee.

Future planned projects provide a general benefit to the Town by preventing the flooding of critical transportation routes into and out of Town, and protecting Town assets from flood damage. Table 16 shows the calculation of the drainage and flood control impact fee, at \$457 per EDU.

Table 16 Town of Yountville Calculation of Drainage & Flood Control Impact Fee			
	Acquisition Cost	Acquisition Date	RCNLD
Existing facilities			
Excluded			
Total existing facilities			\$0
Future planned facilities			
Drainage and flood control CIP projects	790,000	2005-07	<u>790,000</u>
Total value of drainage and flood control facilities			\$790,000
Allocation of benefits			
Portion of drainage and flood control facilities allocable to future users*		14%	\$111,000
New development (EDUs)			243
Allocated cost per EDU			\$457

* Percentage derived from proportion of new units at buildout -- see table 9.

Affordable Housing Impact Fee

The Town of Yountville has established a goal of making a portion of its housing stock affordable to low income residents. The need for affordable housing is caused by the prevalence of low-wage employment opportunities within the Town juxtaposed against the relatively high cost of residence through rent or purchase of a house or apartment. The affordable housing impact fee is designed to recover the cost of providing affordable housing alternatives to low-income residents from commercial development that

increases the demand for affordable housing by bringing low-wage employment to the Town.

The housing element of the Town’s General Plan of 2003 describes the Town’s projected housing needs, as shown on Table 17. Based on the Town’s existing affordable housing stock and the number of units projected for construction, about 110 affordable housing units are currently projected to exist at build-out. Table 17 also allocates the need for affordable housing over non-residential development, and demonstrates that every 1,000 square feet of commercial development generates a need for about 0.3 units of affordable housing.

Table 17 Town of Yountville Affordable Housing Units Required at Build-Out	
Total number of housing units at buildout (1)	1,230
Total number of affordable housing units projected (2)	110
Total non-residential development at build-out, square feet (3)	407,709
Affordable housing units needed per 1,000 square feet	0.27

1- From Town General Plan, published 2003.
 2- From discussions with Town planning; based on existing and planned affordable housing units known to Town staff.
 2- From Table 7; assumes 20 square feet per restaurant seat and 500 square feet per hotel room.

Table 18 shows the calculation of a per-unit cost of affordable housing. The methodology presented here calculates the gap between the cost of construction for affordable housing units, and the maximum amount considered affordable to a low-income family earning 50% of Napa County’s median household income (MHI). Table 18 shows an estimated affordability gap of \$50,000 per unit.

Table 18 Town of Yountville Estimated Affordable Housing Development Cost	
Cost of one acre of land (1)	\$500,000
Construction cost (2)	2,000,000
Public fees	waived
Other development costs	500,000
Developer profit - 10%	<u>300,000</u>
Total Cost	3,300,000
Cost per unit	165,000
Low income affordability threshold (3)	115,000
Affordability gap per unit	\$50,000

1- Estimated cost of land within the Town of Yountville, as provided by Town staff.
 2- 20 units, at an assumed at \$100,000 per 2 bedroom unit.
 3- Affordability threshold calculated using the following assumptions:
 \$28,750 household income (50% of Napa County MHI);
 30 year mortgage of purchase price at 6%;
 One third of income dedicated to mortgage payment.

Table 19 shows the allocation of this affordability gap to commercial development within the Town, per 1,000 square feet. The fee per 1,000 square feet of commercial development is equal to \$13,490.

Table 19 Town of Yountville Calculation of Affordable Housing Impact Fee	
Cost gap of affordable housing per unit (Table 18)	\$50,000
Affordable housing units needed per 1,000 square feet of commercial development (Table 17)	0.27
Affordable housing impact fee (per 1,000 square feet of commercial development)	\$13,490

Prior to implementation of the affordable housing fee, the City’s attorney should review the methodology proposed in this report for compliance with State’s Mitigation Fee Act and other applicable laws.

Utility Undergrounding Impact Fee

Bartle Wells Associates has reviewed the methodology used to calculate the Town’s existing utility undergrounding development impact fee, and has determined that it is appropriate. Furthermore, no new undergrounding projects are proposed or anticipated.

However, in the eight years since the existing fee was developed in 1997, costs of undergrounding projects have increased from about \$270 per linear foot to \$420 per linear foot. Table 20 adjusts the existing utility undergrounding fee to reflect this increase in cost.

	Existing (1997)	Adjusted (2005)
Cost per linear foot of undergrounding	\$268	\$420
Adjustment ratio	1.00	1.57
New development fronting a "primary street" (per lineal foot of frontage)	\$160	\$251
Development not fronting a "primary street"		
Single family residence (per unit)	764	1,199
Apartment unit (per unit)	518	813
Commercial buildings (per square foot)	3.25	5.10

Table 21 summarizes the proposed general facilities impact fee schedule, and compares them to existing fees. Total fees are equal to \$38,418 for a 1 EDU, 1,000 square foot commercial development. A single family residence will be charged a total of \$21,026 in combined development impact fees, as the affordable housing impact fee does not apply to non-commercial development.

	Residential Development Impact Fee	Commercial Development Impact Fee (per EDU)	Existing Fees (1)
Water connection fee	\$2,982	\$2,982	\$1,657
Sewer connection fee	5,449	5,449	4,154
Civic facilities fee	5,112	5,112	0
Drainage fee	457	457	0
Traffic facilities fee	4,334	4,334	725
Parks fee	1,058	1,058	300
Public safety fee	436	436	0
Affordable housing fee (per 1,000 square feet)	0	13,490	1,200
Utility undergrounding (2)	<u>1,199</u>	<u>5,101</u>	<u>764</u>
Total	\$21,026	\$38,418	\$8,800

1- Existing fee amounts are based on a typical four bedroom home, except affordable housing which is based on a 1,000 square foot general commercial development.

2- Utility undergrounding for commercial development is charged per square foot; see Table 20.

Table 22 provides square footage conversion factors for residential expansion projects. Expansions of existing residential properties place additional demands on Town

infrastructure and facilities. These conversion factors are designed to apply to all construction expanding a residence beyond 2,000 square feet of livable space. It is assumed that the original development impact fees of existing residential properties provide for use of Town infrastructure and facilities for houses of up to 2,000 square feet in size. These per square foot fees are intended to be applied only to expansions due to remodeling of existing residential properties.

Table 22
 Town of Yountville
 Square Foot Conversion Factors for Residential Expansions

	Development Impact Fee per EDU	Expansion Fee Per Square Foot (2)
Water connection fee	\$2,982	\$1.49
Sewer connection fee	5,449	2.72
Civic facilities fee	5,112	2.56
Drainage fee	457	0.23
Traffic facilities fee	4,334	2.17
Parks fee	1,058	0.53
Public safety fee	436	0.22
Utility undergrounding	<u>1,199</u>	<u>0.60</u>
Total	\$21,026	\$10.51

1- Expansion fee per square foot applies only to square footage increase which increases total square footage over 2,000 square feet, based on one EDU per 2,000 square feet.

Table 23 shows development impact fees for expansions to non-residential development. Non-residential expansions are charged \$13.49 per square foot for the affordable housing fee, as well as an additional amount dependent on the type of development. General commercial expansion fees are greater than residential expansion fees because they are based on an EDU equivalency of 1,700 square feet, rather than 2,000 square feet used for residential properties. General commercial expansion fees will only be charged for expansion beyond 1,700 square feet of area.

Table 23
Town of Yountville
Non-Residential Expansion Fees

	Restaurants (1)	Hotels (2)	General Commercial (3)	Schools and Institutional (4)
All fees except affordable housing				
Unit	per seat	per room	per square foot	per person
Water connection fee	\$426	\$2,087	\$1.75	\$209
Sewer connection fee	778	3,814	3.21	381
Civic facilities fee	730	3,578	3.01	358
Drainage fee	65	320	0.27	32
Traffic facilities fee	619	3,034	2.55	303
Parks fee	151	740	0.62	74
Public safety fee	62	305	0.26	31
Utility undergrounding (5)	<u>102</u>	<u>839</u>	<u>5.10</u>	<u>84</u>
Total	\$2,934	\$14,718	\$16.76	\$1,472
Affordable Housing Fee				
Unit	per square foot	per square foot	per square foot	per square foot
Affordable housing fee	\$13.49	\$13.49	\$13.49	\$13.49

- 1- Restaurant expansion fee based on equivalency of one EDU per 7 seats.
2- Hotel expansion fee based on equivalency of 0.7 EDU per room.
3- General commercial expansion fee based on equivalency of one EDU per 1,700 square feet.
4- Schools and institutional expansion fee based on equivalency of 0.07 EDU per person.
5- Utility undergrounding fee is dependent on location on a primary or secondary street; see Table 20.

Development Impact Fee Survey

Table 24 presents the results of a regional survey of development impact fees. The table represents the total fee payable by new residential development in several Bay Area towns and cities, less any affordable housing fees. Certain of the fees are based on square footage of the development, lot size, street frontage, and other factors; the fees shown in Table 24 are BWA's best estimate of total development impact fees charged to comparable residential development in the surveyed agencies.

The table also shows estimated affordable housing fees charged to non-residential development, per 1,000 square feet of space.

Table 24
Town of Yountville
Summary Results of Impact Fee Survey

Residential Development Fees (excludes affordable housing)	
Napa	\$5,660
Yountville current	7,600
Rohnert Park	11,377
Healdsburg	20,012
Yountville updated	21,026
Petaluma	24,784
St. Helena	27,160
Vacaville	33,435
Santa Rosa	33,660
Calistoga	44,587
Non-Residential Affordable Housing Fees (per 1,000 square feet)	
Calistoga	\$1,000
Yountville current	1,200
Healdsburg	1,500
St. Helena	4,300
Petaluma	9,022
Santa Rosa	10,139
Yountville updated	13,490
Napa	17,100
Tiburon	20,000

Impact Fee Implementation

Impact fees are collected at the time of building permit issuance. To ensure continued adequate implementation of the fee, the Town should:

- Maintain an annual Capital Improvement Program budget to indicate where fees are being expended to accommodate growth.
- Comply with the annual and five-year reporting requirements of Government Code 66000 et seq.
- Annually adjust impact fees using an appropriate construction cost index. Impact fees should be adjusted regularly to prevent them from falling behind the costs of constructing new facilities. The Engineering News Record magazine publishes Construction Cost Indices (CCIs) monthly for 20 major U.S. cities including San Francisco and an average of 20 cities around the U.S. These indices can be used to estimate the change in the construction cost of facilities, and the Town’s development impact fees should be adjusted annually by the change in the ENR CCI.

Appendix A
California Government Code
66000 et seq.

California Government Code

66000. As used in this chapter:

(a) "Development project" means any project undertaken for the purpose of development. "Development project" includes a project involving the issuance of a permit for construction or reconstruction, but not a permit to operate.

(b) "Fee" means a monetary exaction other than a tax or special assessment, whether established for a broad class of projects by legislation of general applicability or imposed on a specific project on an ad hoc basis, 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, but does not include fees specified in Section 66477, fees for processing applications for governmental regulatory actions or approvals, fees collected under development agreements adopted pursuant to Article 2.5 (commencing with Section 65864) of Chapter 4, or fees collected pursuant to agreements with redevelopment agencies which provide for the redevelopment of property in furtherance or for the benefit of a redevelopment project for which a redevelopment plan has been adopted pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code.

(c) "Local agency" means a county, city, whether general law or chartered, city and county, school district, special district, authority, agency, any other municipal public corporation or district, or other political subdivision of the state.

(d) "Public facilities" includes public improvements, public services and community amenities.

66000.5. This chapter, Chapter 6 (commencing with Section 66010), Chapter 7 (commencing with Section 66012), Chapter 8 (commencing with Section 66016), and Chapter 9 (commencing with Section 66020) shall be known and may be cited as the Mitigation Fee Act.

66001. (a) In any action establishing, increasing, or imposing a fee as a condition of approval of a development project by a local agency on or after January 1, 1989, the local agency shall do all of the following:

(1) Identify the purpose of the fee.

(2) Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged.

(3) Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.

(4) Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

(b) In any action imposing a fee as a condition of approval of a

development project by a local agency on or after January 1, 1989, 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.

(c) Upon receipt of a fee subject to this section, the local agency shall deposit, invest, account for, and expend the fees pursuant to Section 66006.

(d) For the fifth fiscal year following the first deposit into the account or fund, and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted:

(1) Identify the purpose to which the fee is to be put.

(2) Demonstrate a 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 in incomplete improvements identified in paragraph (2) of subdivision (a).

(4) Designate the approximate dates on which the funding referred to in paragraph (3) is expected to be deposited into the appropriate account or fund.

When findings are required by this subdivision, they shall be made in connection with the public information required by subdivision (b) of Section 66006. The findings required by this subdivision need only be made for moneys in possession of the local agency, and need not be made with respect to letters of credit, bonds, or other instruments taken to secure payment of the fee at a future date. If the findings are not made as required by this subdivision, the local agency shall refund the moneys in the account or fund as provided in subdivision (e).

(e) Except as provided in subdivision (f), when sufficient funds have been collected, as determined pursuant to subparagraph (F) of paragraph (1) of subdivision (b) of Section 66006, to complete financing on incomplete public improvements identified in paragraph (2) of subdivision (a), and the public improvements remain incomplete, the local agency shall identify, within 180 days of the determination that sufficient funds have been collected, an approximate date by which the construction of the public improvement will be commenced, or shall refund to the then current record owner or owners of the lots or units, as identified on the last equalized assessment roll, of the development project or projects on a prorated basis, the unexpended portion of the fee, and any interest accrued thereon. By means consistent with the intent of this section, a local agency may refund the unexpended revenues by direct payment, by providing a temporary suspension of fees, or by any other reasonable means. The determination by the governing body of the local agency of the means by which those revenues are to be refunded is a legislative act.

(f) If the administrative costs of refunding unexpended revenues pursuant to subdivision (e) exceed the amount to be refunded, the local agency, after a public hearing, notice of which has been published pursuant to Section 6061 and posted in three prominent places within the area of the development project, may determine that the revenues shall be allocated for some other purpose for which fees are collected subject to this chapter and which serves the project on which the fee was originally imposed.

66002. (a) Any local agency which levies a fee subject to Section 66001 may adopt a capital improvement plan, which shall indicate the approximate location, size, time of availability, and estimates of cost for all facilities or improvements to be financed with the fees.

(b) The capital improvement plan shall be adopted by, and shall be annually updated by, a resolution of the governing body of the local agency adopted at a noticed public hearing. Notice of the hearing shall be given pursuant to Section 65090. In addition, mailed notice shall be given to any city or county which may be significantly affected by the capital improvement plan. This notice shall be given no later than the date the local agency notices the public hearing pursuant to Section 65090. The information in the notice shall be not less than the information contained in the notice of public hearing and shall be given by first-class mail or personal delivery.

(c) "Facility" or "improvement," as used in this section, means any of the following:

(1) Public buildings, including schools and related facilities; provided that school facilities shall not be included if Senate Bill 97 of the 1987 -88 Regular Session is enacted and becomes effective on or before January 1, 1988.

(2) Facilities for the storage, treatment, and distribution of nonagricultural water.

(3) Facilities for the collection, treatment, reclamation, and disposal of sewage.

(4) Facilities for the collection and disposal of storm waters and for flood control purposes.

(5) Facilities for the generation of electricity and the distribution of gas and electricity.

(6) Transportation and transit facilities, including but not limited to streets and supporting improvements, roads, overpasses, bridges, harbors, ports, airports, and related facilities.

(7) Parks and recreation facilities.

(8) Any other capital project identified in the capital facilities plan adopted pursuant to Section 66002.

66003. Sections 66001 and 66002 do not apply to a fee imposed pursuant to a reimbursement agreement by and between a local agency and a property owner or developer for that portion of the cost of a public facility paid by the property owner or developer which exceeds the need for the public facility attributable to and reasonably related to the development. This chapter shall become operative on January 1, 1989.

66004. The establishment or increase of any fee pursuant to this chapter shall be subject to the requirements of Section 66018.

66005. (a) When a local agency imposes any fee or exaction as a condition of approval of a proposed development, as defined by Section 65927, or development project, those fees or exactions shall not exceed the estimated reasonable cost of providing the service or facility for which the fee or exaction is imposed.

(b) This section does not apply to fees or monetary exactions expressly authorized to be imposed under Sections 66475.1 and 66477.

(c) It is the intent of the Legislature in adding this section to codify existing constitutional and decisional law with respect to the imposition of development fees and monetary exactions on developments by local agencies. This section is declaratory of existing law and shall not be construed or interpreted as creating new law or as modifying or changing existing law.

66006. (a) If a local agency requires the payment of a fee specified in subdivision (c) in connection with the approval of a development project, the local agency receiving the fee shall deposit it with the 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. Any interest income earned by moneys in the capital facilities account or fund shall also be deposited in that account or fund and shall be expended only for the purpose for which the fee was originally collected.

(b) (1) For each separate account or fund established pursuant to subdivision (a), the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the following information for the fiscal year:

(A) A brief description of the type of fee in the account or fund.

(B) The amount of the fee.

(C) The beginning and ending balance of the account or fund.

(D) The amount of the fees collected and the interest earned.

(E) An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

(F) An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.

(G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.

(H) The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.

(2) The local agency shall review the information made available to the public pursuant to paragraph (1) at the next regularly

scheduled public meeting not less than 15 days after this information is made available to the public, as required by this subdivision. Notice of the time and place of the meeting, including the address where this information may be reviewed, shall be mailed, at least 15 days prior to the meeting, to any interested party who files a written request with the local agency for mailed notice of the meeting. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service.

(c) For purposes of this section, "fee" means any fee imposed to provide for an improvement to be constructed to serve a development project, or which is a fee for public improvements within the meaning of subdivision (b) of Section 66000, and that is imposed by the local agency as a condition of approving the development project.

(d) Any person may request an audit of any local agency fee or charge that is subject to Section 66023, including fees or charges of school districts, in accordance with that section.

(e) The Legislature finds and declares that untimely or improper allocation of development fees hinders economic growth and is, therefore, a matter of statewide interest and concern. It is, therefore, the intent of the Legislature that this section shall supersede all conflicting local laws and shall apply in charter cities.

(f) At the time the local agency imposes a fee for public improvements on a specific development project, it shall identify the public improvement that the fee will be used to finance.

66006.5. (a) A city or county which imposes an assessment, fee, or charge, other than a tax, for transportation purposes may, by ordinance, prescribe conditions and procedures allowing real property which is needed by the city or county for local transportation purposes, or by the state for transportation projects which will not receive any federal funds, to be donated by the obligor in satisfaction or partial satisfaction of the assessment, fee, or charge.

(b) To facilitate the implementation of subdivision (a), the Department of Transportation shall do all of the following:

(1) Give priority to the refinement, modification, and enhancement of procedures and policies dealing with right-of-way donations in order to encourage and facilitate those donations.

(2) Reduce or simplify paperwork requirements involving right-of-way procurement.

(3) Increase communication and education efforts as a means to solicit and encourage voluntary right-of-way donations.

(4) Enhance communication and coordination with local public entities through agreements of understanding that address state acceptance of right-of-way donations.

66007. (a) Except as otherwise provided in subdivision (b), any local agency that imposes any fees or charges on a residential

development for the construction of public improvements or facilities shall not require the payment of those fees or charges, notwithstanding any other provision of law, until the date of the final inspection, or the date the certificate of occupancy is issued, whichever occurs first. However, utility service fees may be collected at the time an application for utility service is received.

If the residential development contains more than one dwelling, the local agency may determine whether the fees or charges shall be paid on a pro rata basis for each dwelling when it receives its final inspection or certificate of occupancy, whichever occurs first; on a pro rata basis when a certain percentage of the dwellings have received their final inspection or certificate of occupancy, whichever occurs first; or on a lump-sum basis when the first dwelling in the development receives its final inspection or certificate of occupancy, whichever occurs first.

(b) Notwithstanding subdivision (a), the local agency may require the payment of those fees or charges at an earlier time if (1) the local agency determines that the fees or charges 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 or charges are to reimburse the local agency for expenditures previously made. "Appropriated," as used in this subdivision, means authorization by the governing body of the local agency for which the fee is collected to make expenditures and incur obligations for specific purposes.

(c) (1) If any fee or charge specified in subdivision (a) is not fully paid prior to issuance of a building permit for construction of any portion of the residential development encumbered thereby, the local agency issuing the building permit may require the property owner, or lessee if the lessee's interest appears of record, as a condition of issuance of the building permit, to execute a contract to pay the fee or charge, or applicable portion thereof, within the time specified in subdivision (a). If the fee or charge is prorated pursuant to subdivision (a), the obligation under the contract shall be similarly prorated.

(2) The obligation to pay the fee or charge shall inure to the benefit of, and be enforceable by, the local agency that imposed the fee or charge, regardless of whether it is a party to the contract. The contract shall contain a legal description of the property affected, shall be recorded in the office of the county recorder of the county and, from the date of recordation, shall constitute a lien for the payment of the fee or charge, which shall be enforceable against successors in interest to the property owner or lessee at the time of issuance of the building permit. The contract shall be recorded in the grantor-grantee index in the name of the public agency issuing the building permit as grantee and in the name of the property owner or lessee as grantor. The local agency shall record a release of the obligation, containing a legal description of the property, in the event the obligation is paid in full, or a partial release in the event the fee or charge is prorated pursuant to subdivision (a).

(3) The contract may require the property owner or lessee to provide appropriate notification of the opening of any escrow for the sale of the property for which the building permit was issued and to provide in the escrow instructions that the fee or charge be paid to

the local agency imposing the same from the sale proceeds in escrow prior to disbursing proceeds to the seller.

(d) This section applies only to fees collected by a local agency to fund the construction of public improvements or facilities. It does not apply to fees collected to cover the cost of code enforcement or inspection services, or to other fees collected to pay for the cost of enforcement of local ordinances or state law.

(e) "Final inspection" or "certificate of occupancy," as used in this section, have the same meaning as described in Sections 305 and 307 of the Uniform Building Code, International Conference of Building Officials, 1985 edition.

(f) Methods of complying with the requirement in subdivision (b) that a proposed construction schedule or plan be adopted, include, but are not limited to, (1) the adoption of the capital improvement plan described in Section 66002, or (2) the submittal of a five-year plan for construction and rehabilitation of school facilities pursuant to subdivision (c) of Section 17017.5 of the Education Code.

66008. A local agency shall expend a fee for public improvements, as accounted for pursuant to Section 66006, solely and exclusively for the purpose or purposes, as identified in subdivision (f) of Section 66006, for which the fee was collected. The fee shall not be levied, collected, or imposed for general revenue purposes.

66010. As used in this chapter:

(a) "Development project" means a development project as defined in Section 66000.

(b) "Fee" means a monetary exaction or a dedication, other than a tax or special assessment, which is required by a local agency of 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, but does not include fees for processing applications for governmental regulatory actions or approvals.

(c) "Local agency" means a local agency, as defined in Section 66000.

(d) "Public facilities" means public facilities, as defined in Section 66000.

(e) "Reconstruction" means the reconstruction of the real property, or portion thereof, where the property after reconstruction is substantially equivalent to the property prior to damage or destruction.

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(c) "Local agency" means a local agency, as defined in Section

66000.

(d) "Public facilities" means public facilities, as defined in Section 66000.

(e) "Reconstruction" means the reconstruction of the real property, or portion thereof, where the property after reconstruction is substantially equivalent to the property prior to damage or destruction.

66011. No fee may be applied by a local agency to the reconstruction of any residential, commercial, or industrial development project that is damaged or destroyed as a result of a natural disaster, as declared by the Governor. Any reconstruction of real property, or portion thereof, which is not substantially equivalent to the damaged or destroyed property, shall be deemed to be new construction and only that portion which exceeds substantially equivalent construction may be assessed a fee. The term substantially equivalent, as used in this section, shall have the same meaning as the term in subdivision (c) of Section 70 of the Revenue and Taxation Code.

66012. (a) Notwithstanding any other provision of law which prescribes an amount or otherwise limits the amount of a fee or charge which may be levied by a city, county, or city and county, a city, county, or city and county shall have the authority to levy any fee or charge in connection with the operation of an aerial tramway within its jurisdiction.

(b) If any person disputes whether a fee or charge levied pursuant to subdivision (a) is reasonable, the auditor, or if there is no auditor, the fiscal officer, of the city, county, or city and county shall, upon request of the legislative body of the city, county, or city and county, conduct a study and determine whether the fee or charge is reasonable.

66013. (a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity charges, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue.

(b) As used in this section:

(1) "Sewer connection" means the connection of a structure or project to a public sewer system.

(2) "Water connection" means the connection of a structure or project to a public water system, as defined in subdivision (f) of Section 116275 of the Health and Safety Code.

(3) "Capacity charge" means a charge for facilities in existence at the time a charge is imposed or charges for new facilities to be constructed in the future that are of benefit to the person or

property being charged.

(4) "Local agency" means a local agency as defined in Section 66000.

(5) "Fee" means a fee for the physical facilities necessary to make a water connection or sewer connection, including, but not limited to, meters, meter boxes, and pipelines from the structure or project to a water distribution line or sewer main, and that does not exceed the estimated reasonable cost of labor and materials for installation of those facilities.

(c) A local agency receiving payment of a charge as specified in paragraph (3) of subdivision (b) shall deposit it in a separate capital facilities fund with other charges received, and account for the charges in a manner to avoid any commingling with other moneys of the local agency, except for investments, and shall expend those charges solely for the purposes for which the charges were collected.

Any interest income earned from the investment of moneys in the capital facilities fund shall be deposited in that fund.

(d) For a fund established pursuant to subdivision (c), a local agency shall make available to the public, within 180 days after the last day of each fiscal year, the following information for that fiscal year:

(1) A description of the charges deposited in the fund.

(2) The beginning and ending balance of the fund and the interest earned from investment of moneys in the fund.

(3) The amount of charges collected in that fiscal year.

(4) An identification of all of the following:

(A) Each public improvement on which charges were expended and the amount of the expenditure for each improvement, including the percentage of the total cost of the public improvement that was funded with those charges if more than one source of funding was used.

(B) Each public improvement on which charges were expended that was completed during that fiscal year.

(C) Each public improvement that is anticipated to be undertaken in the following fiscal year.

(5) A description of each interfund transfer or loan made from the capital facilities fund. The information provided, in the case of an interfund transfer, shall identify the public improvements on which the transferred moneys are, or will be, expended. The information, in the case of an interfund loan, shall include the date on which the loan will be repaid, and the rate of interest that the fund will receive on the loan.

(e) The information required pursuant to subdivision (d) may be included in the local agency's annual financial report.

(f) The provisions of subdivisions (c) and (d) shall not apply to any of the following:

(1) Moneys received to construct public facilities pursuant to a contract between a local agency and a person or entity, including, but not limited to, a reimbursement agreement pursuant to Section 66003.

(2) Charges that are used to pay existing debt service or which are subject to a contract with a trustee for bondholders that requires a different accounting of the charges, or charges that are used to reimburse the local agency or to reimburse a person or entity who advanced funds under a reimbursement agreement or contract for facilities in existence at the time the charges are collected.

(3) Charges collected on or before December 31, 1998.

(g) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion imposing a fee or capacity charge subject to this section shall be brought pursuant to Section 66022.

(h) Fees and charges subject to this section are not subject to the provisions of Chapter 5 (commencing with Section 66000), but are subject to the provisions of Sections 66016, 66022, and 66023.

(i) The provisions of subdivisions (c) and (d) shall only apply to capacity charges levied pursuant to this section.

66014. (a) Notwithstanding any other provision of law, when a local agency charges fees for zoning variances; zoning changes; use permits; building inspections; building permits; filing and processing applications and petitions filed with the local agency formation commission or conducting preliminary proceedings or proceedings under the Cortese-Knox Local Government Reorganization Act of 1985, Division 3 (commencing with Section 56000) of Title 5; the processing of maps under the provisions of the Subdivision Map Act, Division 2 (commencing with Section 66410) of Title 7; or planning services under the authority of Chapter 3 (commencing with Section 65100) of Division 1 of Title 7 or under any other authority;

those fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged, unless a question regarding the amount of the fee charged in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue.

(b) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion authorizing the charge of a fee subject to this section shall be brought pursuant to Section 66022.

66016. (a) Prior to levying a new fee or service charge, or prior to approving an increase in an existing fee or service charge, a local agency shall hold at least one open and public meeting, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, and a statement that the data required by this section is available, shall be mailed at least 14 days prior to the meeting to any interested party who files a written request with the local agency for mailed notice of the meeting on new or increased fees or service charges. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service. At least 10 days prior to the meeting, the local agency shall make available to the public data indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including General Fund revenues. Unless there has been voter approval, as

prescribed by Section 66013 or 66014, no local agency shall levy a new fee or service charge or increase an existing fee or service charge to an amount which exceeds the estimated amount required to provide the service for which the fee or service charge is levied. If, however, the fees or service charges create revenues in excess of actual cost, those revenues shall be used to reduce the fee or service charge creating the excess.

(b) Any action by a local agency to levy a new fee or service charge or to approve an increase in an existing fee or service charge shall be taken only by ordinance or resolution. The legislative body of a local agency shall not delegate the authority to adopt a new fee or service charge, or to increase a fee or service charge.

(c) Any costs incurred by a local agency in conducting the meeting or meetings required pursuant to subdivision (a) may be recovered from fees charged for the services which were the subject of the meeting.

(d) This section shall apply only to fees and charges as described in Sections 51287, 56383, 57004, 65104, 65456, 65863.7, 65909.5, 66013, 66014, and 66451.2 of this code, Sections 17951, 19132.3, and 19852 of the Health and Safety Code, Section 41901 of the Public Resources Code, and Section 21671.5 of the Public Utilities Code.

(e) Any judicial action or proceeding to attack, review, set aside, void, or annul the ordinance, resolution, or motion levying a fee or service charge subject to this section shall be brought pursuant to Section 66022.

66017. (a) Any action adopting a fee or charge, or increasing a fee or charge adopted, upon a development project, as defined in Section 66000, which applies to the filing, accepting, reviewing, approving, or issuing of an application, permit, or entitlement to use shall be enacted in accordance with the notice and public hearing procedures specified in Section 54986 or 66016 and shall be effective no sooner than 60 days following the final action on the adoption of the fee or charge or increase in the fee or charge.

(b) Without following the procedure otherwise required for the adoption of a fee or charge, or increasing a fee or charge, the legislative body of a local agency may adopt an urgency measure as an interim authorization for a fee or charge, or increase in a fee or charge, to protect the public health, welfare and safety. The interim authorization shall require four-fifths vote of the legislative body for adoption. The interim authorization shall have no force or effect 30 days after its adoption. The interim authority shall contain findings describing the current and immediate threat to the public health, welfare and safety. After notice and public hearing pursuant to Section 54986 or 66016, the legislative body may extend the interim authority for an additional 30 days. Not more than two extensions may be granted. Any extension shall also require a four-fifths vote of the legislative body.

66018. (a) Prior to adopting an ordinance, resolution, or other legislative enactment adopting a new fee or approving an increase in an existing fee to which this section applies, a local agency shall hold a public hearing, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the

matter to be considered, shall be published in accordance with Section 6062a.

(b) Any costs incurred by a local agency in conducting the hearing required pursuant to subdivision (a) may be recovered as part of the fees which were the subject of the hearing.

(c) This section applies only to the adopting or increasing of fees to which a specific statutory notice requirement, other than Section 54954.2, does not apply.

(d) As used in this section, "fees" do not include rates or charges for water, sewer, or electrical service.

66018.5. "Local agency," as used in this chapter, has the same meaning as provided in Section 66000.

66020. (a) Any party may protest the imposition of any fees, dedications, reservations, or other exactions imposed on a development project, as defined in Section 66000, by a local agency by meeting both of the following requirements:

(1) Tendering any required payment in full or providing satisfactory evidence of arrangements to pay the fee when due or ensure performance of the conditions necessary to meet the requirements of the imposition.

(2) Serving written notice on the governing body of the entity, which notice shall contain all of the following information:

(A) A statement that the required payment is tendered or will be tendered when due, or that any conditions which have been imposed are provided for or satisfied, under protest.

(B) A statement informing the governing body of the factual elements of the dispute and the legal theory forming the basis for the protest.

(b) Compliance by any party with subdivision (a) shall not be the basis for a local agency to withhold approval of any map, plan, permit, zone change, license, or other form of permission, or concurrence, whether discretionary, ministerial, or otherwise, incident to, or necessary for, the development project. This section does not limit the ability of a local agency to ensure compliance with all applicable provisions of law in determining whether or not to approve or disapprove a development project.

(c) Where a reviewing local agency makes proper and valid findings that the construction of certain public improvements or facilities, the need for which is directly attributable to the proposed development, is required for reasons related to the public health, safety, and welfare, and elects to impose a requirement for construction of those improvements or facilities as a condition of approval of the proposed development, then in the event a protest is lodged pursuant to this section, that approval shall be suspended pending withdrawal of the protest, the expiration of the limitation period of subdivision (d) without the filing of an action, or resolution of any action filed. This subdivision confers no new or independent authority for imposing fees, dedications, reservations, or other exactions not presently governed by other law.

(d) (1) A protest filed pursuant to subdivision (a) shall be filed at the time of approval or conditional approval of the development

or within 90 days after the date of the imposition of the fees, dedications, reservations, or other exactions to be imposed on a development project. Each local agency shall provide to the project applicant a notice in writing at the time of the approval of the project or at the time of the imposition of the fees, dedications, reservations, or other exactions, a statement of the amount of the fees or a description of the dedications, reservations, or other exactions, and notification that the 90-day approval period in which the applicant may protest has begun.

(2) Any party who files a protest pursuant to subdivision (a) may file an action to attack, review, set aside, void, or annul the imposition of the fees, dedications, reservations, or other exactions imposed on a development project by a local agency within 180 days after the delivery of the notice. Thereafter, notwithstanding any other law to the contrary, all persons are barred from any action or proceeding or any defense of invalidity or unreasonableness of the imposition. Any proceeding brought pursuant to this subdivision shall take precedence over all matters of the calendar of the court except criminal, probate, eminent domain, forcible entry, and unlawful detainer proceedings.

(e) If the court finds in favor of the plaintiff in any action or proceeding brought pursuant to subdivision (d), the court shall direct the local agency to refund the unlawful portion of the payment, with interest at the rate of 8 percent per annum, or return the unlawful portion of the exaction imposed.

(f) (1) If the court grants a judgment to a plaintiff invalidating, as enacted, all or a portion of an ordinance or resolution enacting a fee, dedication, reservation, or other exaction, the court shall direct the local agency to refund the unlawful portion of the payment, plus interest at an annual rate equal to the average rate accrued by the Pooled Money Investment Account during the time elapsed since the payment occurred, or to return the unlawful portion of the exaction imposed.

(2) If an action is filed within 120 days of the date at which an ordinance or resolution to establish or modify a fee, dedication, reservation, or other exactions to be imposed on a development project takes effect, the portion of the payment or exaction invalidated shall also be returned to any other person who, under protest pursuant to this section and under that invalid portion of that same ordinance or resolution as enacted, tendered the payment or provided for or satisfied the exaction during the period from 90 days prior to the date of the filing of the action which invalidates the payment or exaction to the date of the entry of the judgment referenced in paragraph (1).

(g) Approval or conditional approval of a development occurs, for the purposes of this section, when the tentative map, tentative parcel map, or parcel map is approved or conditionally approved or when the parcel map is recorded if a tentative map or tentative parcel map is not required.

(h) The imposition of fees, dedications, reservations, or other exactions occurs, for the purposes of this section, when they are imposed or levied on a specific development.

66021. (a) Any party on whom a fee, tax, assessment, dedication, reservation, or other exaction has been imposed, the payment or

performance of which is required to obtain governmental approval of a development, as defined by Section 65927, or development project, may protest the establishment or imposition of the fee, tax, assessment, dedication, reservation, or other exaction as provided in Section 66020.

(b) The protest procedures of subdivision (a) do not apply to the protest of any tax or assessment (1) levied pursuant to a principal act that contains protest procedures, or (2) that is pledged to secure payment of the principal of, or interest on, bonds or other public indebtedness.

66022. (a) Any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion adopting a new fee or service charge, or modifying or amending an existing fee or service charge, adopted by a local agency, as defined in Section 66000, shall be commenced within 120 days of the effective date of the ordinance, resolution, or motion.

If an ordinance, resolution, or motion provides for an automatic adjustment in a fee or service charge, and the automatic adjustment results in an increase in the amount of a fee or service charge, any action or proceeding to attack, review, set aside, void, or annul the increase shall be commenced within 120 days of the effective date of the increase.

(b) Any action by a local agency or interested person under this section shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

(c) This section shall apply only to fees, capacity charges, and service charges described in and subject to Sections 66013 and 66014.

66023. (a) Any person may request an audit in order to determine whether any fee or charge levied by a local agency exceeds the amount reasonably necessary to cover the cost of any product or service provided by the local agency. If a person makes that request, the legislative body of the local agency may retain an independent auditor to conduct an audit to determine whether the fee or charge is reasonable.

(b) Any costs incurred by a local agency in having an audit conducted by an independent auditor pursuant to subdivision (a) may be recovered from the person who requests the audit.

(c) Any audit conducted by an independent auditor to determine whether a fee or charge levied by a local agency exceeds the amount reasonably necessary to cover the cost of providing the product or service shall conform to generally accepted auditing standards.

(d) The procedures specified in this section shall be alternative and in addition to those specified in Section 54985.

(e) The Legislature finds and declares that oversight of local agency fees is a matter of statewide interest and concern. It is, therefore, the intent of the Legislature that this chapter shall supersede all conflicting local laws and shall apply in charter cities.

(f) This section shall not be construed as granting any additional authority to any local agency to levy any fee or charge which is not otherwise authorized by another provision of law, nor shall its provisions be construed as granting authority to any local agency to

levy a new fee or charge when other provisions of law specifically prohibit the levy of a fee or charge.

66024. (a) In any judicial action or proceeding to validate, attack, review, set aside, void, or annul any ordinance or resolution providing for the imposition of a development fee by any city, county, or district in which there is at issue whether the development fee is a special tax within the meaning of Section 50076, the city, county, or district has the burden of producing evidence to establish that the development fee does not exceed the cost of the service, facility, or regulatory activity for which it is imposed.

(b) No party may initiate any action or proceeding pursuant to subdivision (a) unless both of the following requirements are met:

(1) The development fee was directly imposed on the party as a condition of project approval.

(2) At least 30 days prior to initiating the action or proceeding, the party requests the city, county, or district to provide a copy of the documents which establish that the development fee does not exceed the cost of the service, facility, or regulatory activity for which it is imposed. In accordance with Section 6257, the city, county, or district may charge a fee for copying the documents requested pursuant to this paragraph.

(c) For purposes of this section, costs shall be determined in accordance with fundamental fairness and consistency of method as to the allocation of costs, expenses, revenues, and other items included in the calculation.

66025. "Local agency," as used in this chapter, means a local agency as defined in Section 66000.