

UTILITIES & TRAFFIC FACILITIES FEE STUDY

CITY OF GILROY

OCTOBER 2004

FINAL REPORT



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EXECUTIVE SUMMARY

This report summarizes an analysis of the need for public facilities and capital improvements to support future development within the City of Gilroy through 2038. It is the City's intent that the costs representing future development's share of these facilities and improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this update to the City's public facilities fee program are divided into the following individual fee categories listed below:

- ◆ Storm Drain Facilities
- ◆ Sewer Facilities
- ◆ Water Facilities
- ◆ Traffic Facilities

Mitigation Fee Act

This report supports adoption of a public facilities fee in compliance with the *Mitigation Fee Act (California Government Code Section 66000 et seq.)*. The report substantiates the findings required by the *Act*.

Development Projections

To estimate facility needs this study uses growth projections from the City of Gilroy, the California Department of Finance (DOF) and by the Association of Bay Area Governments (ABAG). The development projections used for this analysis are summarized in **Table E.1**.

Table E.1: City of Gilroy Growth Projections

	2004	2038	2004-2038 Increase	Percent Increase
<i>Residents</i>				
Single Family	32,400	55,900	23,500	73%
Multifamily	<u>13,400</u>	<u>23,700</u>	<u>10,300</u>	<u>77%</u>
Total	45,800	79,600	33,800	74%
<i>Employment</i>				
Commercial	11,930	20,980	9,050	76%
Industrial	4,680	8,690	4,010	86%
Other ¹	<u>4,420</u>	<u>7,870</u>	<u>3,450</u>	<u>78%</u>
Total	21,030	37,540	16,510	79%

¹ Includes public employment and employment not on commercial and industrial lands.

Source: Table 3.1; MuniFinancial.

Fee Schedules and Revenues

Table E.2 summarizes the schedule of public facilities fees based on the analysis contained in this report. The table also provides an estimate of total fee revenues estimated by the planning horizon of 2038.

The City is currently charging fees based on the FY 03-04 CIB for the four facility categories included in this study. The City will continue to collect fees for the same four facility funds. The proposed updated fees would continue to increase through FY 2037-38 in real terms.

The fees developed based on this analysis are also derived from the updated facility master plans. However, unlike the CIB fees the fees proposed in this study would remain flat over time.

Table E.3 and E.4 compare the current and proposed fee programs by land use type. The comparisons are between the following fees:

- ◆ FY 03-04 CIB fees (currently adopted); and
- ◆ MuniFinancial fees (proposed based on the methodology used in this study).

Compared to proposed CIB fees for FY 2003-04, the total of the individual fees proposed in this report would be higher in the early years and lower in the later years. All fees are shown in real dollars and would increase over time to adjust for cost inflation.

Table E.2: Proposed Fee Schedule and Total Revenue

	Storm Drain (per gross acre)	Water (per du or kgpd)	Sewer (per du or cgpd)	Traffic (per du or ksf)
<i>Fee Per Unit of Development</i>				
Single Family	\$ 626	\$ 3,465	\$ 11,402	\$ 10,350
Multifamily	983	1,401	6,170	8,390
Commercial ¹	1,696	5,431	3,608	11,450
Industrial ²	1,252	5,431	3,608	4,470
<i>Total Projected Revenue (\$000s)</i>				
2004-2038	\$ 1,921	\$ 33,076	\$ 114,385	\$ 173,334

Note: "Du" is dwelling unit. "Kgpd" is thousands of gallons per day. "Cgpd" is hundreds of gallons per day. "Ksf" is thousands of building square feet.

¹ For traffic fee represents "Low Traffic" land use, the predominant type of commercial development anticipated.

² For traffic fee represents "General" land use, the predominant type of industrial development anticipated.

Sources: Tables 4.6, 5.6, 6.6, 7.5, and 8.3; MuniFinancial.

Table E.3: Fee Comparison - FY 2003-04

	Storm (per gross acre)	Water (per du or kgpd)	Sewer (per du or cpgd)	Traffic (per du or kst)
<u>Single Family</u>				
CIB FY 03-04 (<i>current</i>)	\$ 555	\$ 2,600	\$ 7,090	\$ 5,560
MuniFinancial (<i>proposed</i>)	626	3,465	11,402	10,350
Increase/(Decrease)	\$ 71 13%	\$ 865 33%	\$ 4,312 61%	\$ 4,790 86%
<u>Multifamily</u>				
CIB FY 03-04 (<i>current</i>)	\$ 833	\$ 1,860	\$ 5,070	\$ 4,510
MuniFinancial (<i>proposed</i>)	983	1,401	6,170	8,390
Increase/(Decrease)	\$ 150 18%	\$ (459) (25%)	\$ 1,100 22%	\$ 3,880 86%
<u>Commercial - Low Traffic</u>				
CIB FY 03-04 (<i>current</i>)	\$ 1,110	\$ 3,950	\$ 2,270	\$ 6,150
MuniFinancial (<i>proposed</i>)	1,696	5,431	3,608	11,450
Increase/(Decrease)	\$ 586 53%	\$ 1,481 37%	\$ 1,338 59%	\$ 5,300 86%
<u>Commercial - High Traffic</u>				
CIB FY 03-04 (<i>current</i>)	\$ 1,110	\$ 3,950	\$ 2,270	\$ 12,430
MuniFinancial (<i>proposed</i>)	1,696	5,431	3,608	23,130
Increase/(Decrease)	\$ 586 53%	\$ 1,481 37%	\$ 1,338 59%	\$ 10,700 86%
<u>Industrial</u>				
CIB FY 03-04 (<i>current</i>)	\$ 1,249	\$ 3,950	\$ 2,270	\$ 2,400
MuniFinancial (<i>proposed</i>)	1,252	5,431	3,608	4,470
Increase/(Decrease)	\$ 3 0%	\$ 1,481 37%	\$ 1,338 59%	\$ 2,070 86%
<u>Warehouse</u>				
CIB FY 03-04 (<i>current</i>)	\$ 1,249	\$ 3,950	\$ 2,270	\$ 1,770
MuniFinancial (<i>proposed</i>)	1,252	5,431	3,608	3,290
Increase/(Decrease)	\$ 3 0%	\$ 1,481 37%	\$ 1,338 59%	\$ 1,520 86%

Note: "Du" is dwelling unit. "Ksf" is thousands of building square feet. "CIB" are fees shown in the City of Gilroy Capital Improvement Budget. "MuniFinancial" represents fees developed by MuniFinancial for the current study, and unlike the CIB fees, would not vary in real dollars by fiscal year.

Sources: City of Gilroy, *Capital Improvement Budget*; Tables 3.2, 4.6, 5.6, 6.6, and 7.5; MuniFinancial.

Table E.4: Fee Comparison - FY 2037-38

	Storm (per gross acre)	Water (per du or kgpd)	Sewer (per du or cpgd)	Traffic (per du or kst)
<u>Single Family (per du)</u>				
CIB FY 37-38 (current)	\$ 555	\$ 5,240	\$ 14,330	\$ 17,672
MuniFinancial (proposed)	626	3,465	11,402	10,350
Increase/(Decrease)	\$ 71 13%	\$ (1,775) (34%)	\$ (2,928) (20%)	\$ (7,322) (41%)
<u>Multifamily (per du)</u>				
CIB FY 37-38 (current)	\$ 833	\$ 3,750	\$ 10,250	\$ 14,336
MuniFinancial (proposed)	983	1,401	6,170	8,390
Increase/(Decrease)	\$ 150 18%	\$ (2,349) (63%)	\$ (4,080) (40%)	\$ (5,946) (41%)
<u>Commercial - Low Traffic (per ksf)</u>				
CIB FY 37-38 (current)	\$ 1,110	\$ 7,960	\$ 4,590	\$ 19,549
MuniFinancial (proposed)	1,696	5,431	3,608	11,450
Increase/(Decrease)	\$ 586 53%	\$ (2,529) (32%)	\$ (982) (21%)	\$ (8,099) (41%)
<u>Commercial - High Traffic (per ksf)</u>				
CIB FY 37-38 (current)	\$ 1,110	\$ 7,960	\$ 4,590	\$ 39,510
MuniFinancial (proposed)	1,696	5,431	3,608	23,130
Increase/(Decrease)	\$ 586 53%	\$ (2,529) (32%)	\$ (982) (21%)	\$ (16,380) (41%)
<u>Industrial (per ksf)</u>				
CIB FY 37-38 (current)	\$ 1,249	\$ 7,960	\$ 4,590	\$ 7,628
MuniFinancial (proposed)	1,252	5,431	3,608	4,470
Increase/(Decrease)	\$ 3 0%	\$ (2,529) (32%)	\$ (982) (21%)	\$ (3,158) (41%)
<u>Warehouse (per ksf)</u>				
CIB FY 37-38 (current)	\$ 1,249	\$ 7,960	\$ 4,590	\$ 5,627
MuniFinancial (proposed)	1,252	5,431	3,608	3,290
Increase/(Decrease)	\$ 3 0%	\$ (2,529) (32%)	\$ (982) (21%)	\$ (2,337) (42%)

Note: "Du" is dwelling unit. "Ksf" is thousands of building square feet. "CIB" are fees shown in the City of Gilroy Capital Improvement Budget. "MuniFinancial" represents fees developed by MuniFinancial for the current study, and unlike the CIB fees, would not vary in real dollars by fiscal year.

Sources: City of Gilroy, *Capital Improvement Budget*; Tables 3.2, 4.6, 5.6, 6.6, and 7.5; MuniFinancial.

1. INTRODUCTION

The City of Gilroy has been experiencing significant growth and the consequent need to provide public facilities to serve new development. The City's development impact fee program for utility and traffic fees provides a major funding source for the expansion of these types of public facilities. The City's impact fee program includes separate fees for the following four utility and traffic facility types:

- ◆ Storm Drain Facilities
- ◆ Sewer Facilities
- ◆ Water Facilities
- ◆ Traffic Facilities

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. To fulfill this objective public agencies should review and update their fee programs periodically to incorporate the best available information. The primary purpose of this report is to adjust fees to incorporate current facility plans to serve a 2038 service population for the City of Gilroy.

The five statutory findings required for adoption of the proposed public facilities fees in accordance with the *Mitigation Fee Act* (codified in *California Government Code* Sections 66000 through 66025) are summarized in Chapter 2.

The determination of a public facilities fee begins with the selection of a planning horizon and development of projections. These projections are used throughout the analysis of different facility categories, and are summarized in Chapter 3.

Chapters 4 through 7 are devoted to documenting the public facilities fee for each of the four facility categories listed above. Each chapter has the following sections to document the steps required to calculate the fee:

1. Determine facility demand standards and project demand for new facilities (*Demand For Facilities* section).
2. Identify the cost of facilities needed to accommodate projected demand (*Facilities To Accommodate Growth* section).
3. Estimate program administration costs (*Program Administration Costs* section).
4. Allocate costs per unit of development to determine the fee schedule (*Fee Schedule* section).

Chapter 8 provides a comparison between the City's current and proposed fee schedules, and identifies program implementation issues.

Public Facilities Financing In California

The changing fiscal landscape in California during the past 30 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

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

Faced with these trends, many cities and counties have had to adopt a policy of "growth pays its own way". This policy shifts the burden of funding infrastructure expansion from existing rate and taxpayers onto new development. This funding shift has been accomplished primarily through the imposition of assessments, special taxes, and development fees also known as public facilities fees. Assessments and special taxes require approval of property owners and are appropriate when the funded facilities are directly related to the developing property. Development fees, on the other hand, are an appropriate funding source for facilities that benefit all development jurisdiction-wide. Development fees need only a majority vote of the legislative body for adoption.

Approach

Public facilities fees are calculated to fund the cost of facilities required to accommodate growth. The four steps followed in any development impact fee study include:

1. Prepare growth projections;
2. Identify facility standards;
3. Determine the amount and cost of facilities required to accommodate new development based on facility standards and growth projections;
4. Calculate the public facilities fee by allocating the total cost of facilities per unit of development.

As described in the chapter outline of this report, above, the approach used in this study includes a step between #1 and #2 to inventory existing facilities and identify planned facilities. This data provides a basis for the facility standards used in this study. Finally, because fee revenues are insufficient to fully fund all planned facilities, this study adds a final step that identifies additional funding for this purpose.

Types of Facility Standards

The key public policy issue in development impact fee studies is the identification of facility standards. Facility standards determine new development's total need for new

facilities and each development project's fair share of those needs. Standards also ensure that new development does not fund deficiencies associated with existing development.

The types of standards that may be used in a development impact fee study include:

- ◆ *Demand standards* determine the amount of facilities required to accommodate growth, for example park acres per thousand residents, traffic level of service, or gallons of water per day per dwelling unit.
- ◆ *Design standards* determine how a facility should be designed to meet expected demand, for example park improvement requirements, street intersection design, and water storage needs.
- ◆ *Cost standards* determine the cost per unit of demand based on the estimated cost of facilities, for example cost per capita, cost per vehicle trip, or cost per gallon of water per day.

Determining Facility Standards

The most commonly accepted approaches to determining a facility standard are described below.

- ◆ The **existing inventory method** uses a facility standard based on the ratio of existing facilities to the existing service population. Under this approach new development funds the expansion of facilities at the same standard currently serving existing development. By definition the existing inventory method results in no facility deficiencies attributable to existing development. This method is often used when a long-range plan for new facilities is not available. Only the initial facilities to be funded with fees are identified in the fee study. Future facilities to serve growth are identified through an annual capital improvement plan and budget process.
- ◆ The **master plan** or **system method** calculates the standard based on the ratio of all existing plus planned facilities to total future demand (existing and new development). This method is used when (1) the local agency anticipates increasing its facility standard above the existing inventory standard discussed above, and (2) planned facilities are part of a system that benefit both existing and new development. Using a facility standard that is higher than the existing inventory standard creates a deficiency for existing development. The jurisdiction must secure non-fee funding for that portion of planned facilities required to correct the deficiency.
- ◆ The **planned facilities method** calculates the standard solely based on the ratio of planned facilities to the increase in demand associated with new development. This method is appropriate when planned facilities only benefit new development, such as a sewer trunk line extension to a previously undeveloped area. This method also may be used when there is excess capacity in existing facilities that can accommodate new development. In that case new development can fund facilities at a standard lower than the existing inventory standard and still provide an acceptable level of facilities.

Utility and Traffic Facility Fees

This study uses the planned facilities method described above to determine facility standards. This method is the most common for establishing utility and traffic facility fees. The specific planned facilities required to accommodate growth are clearly identified in master facility plans that the City has recently updated based on the recent update to its *General Plan*. These master plans identify the utility and traffic improvements needed to accommodate growth through the 2038 planning horizon.

2. MITIGATION FEE ACT FINDINGS

Public facilities fees, are one-time fees typically paid when a building permit is issued and imposed on development projects by local agencies responsible for regulating land use (cities and counties). To guide the widespread imposition of public facilities fees, the State Legislature adopted the *Mitigation Fee Act* (the *Act*) with Assembly Bill 1600 in 1987 and subsequent amendments. The *Act*, contained in *California Government Code* Sections 66000 through 66025, establishes requirements on local agencies for the imposition and administration of fee programs. The *Act* requires local agencies to document five findings when adopting a fee.

The four statutory findings required for adoption of the public facilities fees documented in this report are presented in this chapter and supported in detail by the report that follows. Case law suggests that the fifth finding, under Government Code Section 66001(b) has been held only to apply to specific ad hoc fees that are imposed on individual projects, not to the setting of development fees generally. All statutory references are to the *Act*.

Purpose of Fee

For the first finding the City must:

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

The policy of the City of Gilroy is that new development will not burden existing development with the cost of public facilities required to accommodate growth. The purpose of the public facilities fee is to implement this policy by providing a funding source from new development for capital improvements to serve that development. The fee advances a legitimate interest of the City by enabling the City to provide municipal services to new development.

Use of Fee Revenues

For the second finding the City must:

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. (§66001(a)(2))

The public facilities fee will fund expanded facilities to serve new development. All planned facilities will be located within the City of Gilroy. These facilities included in the findings presented here include:

- ◆ Storm drain facilities;
- ◆ Water facilities;
- ◆ Sewer facilities; and
- ◆ Traffic facilities.

Planned facilities to accommodate growth are identified in this report. These facilities and their estimated costs are taken from the City's *Capital Improvement Budget* for each facility category. More detailed descriptions of planned facilities, including their specific location, are included in recently updated and adopted master facility plans. The City may change the list of planned facilities to meet changing circumstances and needs, as it deems necessary. The fee program should be updated if these changes result in a significant change in the fair share cost allocated to new development.

Planned facilities to be funded by the fee are described in the *Facilities to Accommodate Growth* section in each facility chapter.

Benefit Relationship

For the third finding the City must:

Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. (§66001(a)(3))

The City will restrict fee revenues to the acquisition of land, construction of public buildings, and purchase of related equipment, furnishings, vehicles, materials, and services that serve new development. Public facilities funded by the fee will expand the City's utility and traffic systems to accommodate demand from new development. Fee revenues will only fund facilities needed to accommodate residential and nonresidential growth. Thus, there is a reasonable relationship between the use of fee revenues and the residential and nonresidential types of new development that will pay the fee.

The planned facilities that will be funded by the fee are described in the *Facilities to Accommodate Growth* section in each facility chapter and *Appendix A*.

Burden Relationship

For the fourth finding the City must:

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. (§66001(a)(4))

Demand standards by type of land use for each facility category identify the burden placed by new development on the City's utility and traffic facilities. Design standards were used in the master facility plan prepared for each facility type to determine the facilities needed to accommodate projected demand through 2038, and the facilities needed, if any, to correct existing deficiencies.

Demand standards and projections are described in the *Demand for Facilities* section of each facility chapter. Design standards and facility needs are described in the *Facilities to Accommodate Growth* section of each fee chapter.

Proportionality

For the fifth finding the City must:

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. (§66001(b))

This reasonable relationship between each facilities fee for a specific development project and the cost of the facilities attributable to that project is based on the size of the project. Size is measured in units that relate to demand. Storm drain demand is based on acres. Water and sewer demand is based on dwelling units or gallons per day estimated for nonresidential projects. Traffic demand is based on dwelling units or building square feet.

The fee schedule converts the cost per unit of demand into a fee per unit of development based on demand standards by land use type. The total fee is based on the size of the project. Larger projects of a certain land use type will have a higher demand for facilities and will pay a higher fee than smaller projects of the same land use type. Thus, the fee schedule ensures a reasonable relationship between the public facilities fee for a specific development project and the cost of the facilities attributable to that project.

See the *Demand for Facilities* section within each facility chapter for a description of demand standards and total projected facility demand. See the *Fee Schedule* section of each facility chapter for the conversion from costs per unit of demand to the fee per unit of development, by land use type.

3. GROWTH PROJECTIONS

This chapter explains how development projections are used to calculate public facilities fees, and summarizes estimates of existing development and projections of growth used for this study. Existing development is estimated for January 1, 2004. The planning horizon is 2038 to coincide with the master facility plans used as a basis for the fee calculations.

Estimates of projections of growth are critical assumptions in calculating facility fees documented in this report. Estimates of growth through the 2038 planning horizon are used to determine the total amount of public facilities required to accommodate growth, and to allocate those costs per unit of demand, such as per equivalent dwelling unit (EDU), per gallon per day, or per daily vehicle trip.

Different types of development demand public facilities at different rates. Demand factors are identified for each facility type and land use category to reflect these variations and ensure a reasonable relationship between the amount of the fee and a development project's share of planned facility costs. The projected growth shown in this chapter is converted into a demand projection for each facility fee (in terms of EDUs, flow, or trips) in the following chapters (Chapters 4 through 7).

Land Use Categories

Measuring the impact of growth requires land use types for summarizing different types of new development. The major land use types used in this analysis are defined below based on the City's *General Plan* land use categories. Several sub-types are defined as well for implementation of the traffic facilities fee only.

- ◆ **Single family:** Residential development at densities less than 8.0 units per acre. This category generally includes all development in the Rural, Hillside, and Low Density land use categories, plus detached single family development in the Neighborhood District category, unless the density is equal to or greater than 8.0 units per acre.
- ◆ **Multifamily:** Residential development at densities equal to or greater than 8.0 units per acre. This category generally includes all development in the Medium Density and High Density land use categories, plus attached single family and multifamily development in the Neighborhood District category, unless the density is less than 8.0 units per acre.
- ◆ **Commercial:** Neighborhood Commercial, Professional Office, General Services Commercial, Visitor Serving Commercial, and Downtown Commercial.

- **Low Traffic & Assembly Hall** (for traffic fee only): Less than 10.75 evening peak hour trips per thousand building square feet based on Institute of Transportation Engineers Manual.
- **High Traffic** (for traffic fee only): Equal to or greater than 10.75 evening peak hour trips per thousand building square feet based on Institute of Transportation Engineers Manual.
- ♦ **Industrial:** Campus Industrial, Industrial Park, and General Industrial.
 - **General** (for traffic fee only): All industrial uses except Warehouse.
 - **Warehouse** (for traffic fee only): Primary activities include storage and distribution of goods. Includes mini-storage businesses.

Development in other land use categories not listed above is anticipated to predominantly include projects for municipal facilities. These categories include park and recreation facility, public/quasi-public facility, and school. Municipal facilities are exempt from facility fees because these facilities serve new development. The storm drain, water, sewer, and traffic facility needs of municipal facilities are allocated to private development.

Some developments may include more than one land use category, such as an industrial warehouse with living quarters (a live-work designation) or a planned unit development with both single and multi-family uses. In these cases the public facilities fee would be calculated separately for each land use category.

The City should have the discretion to impose public facilities fees based on the estimated facility demand of a proposed development if the project would vary substantially from the range of development densities anticipated under each land use category. The City should also have the discretion to impose fees on projects by public agencies other than the City and by private development within the predominantly public land use categories discussed above. Development density is typically measured in dwelling units per acre, residents per unit, building square feet per acre, or employees per building square feet. For these development projects, either the fee should be based on one of the four land use categories defined above that most closely represents the probable occupant density of the project, or it should be based on a project-specific demand factor derived from estimated densities.

Growth Projections for Gilroy

The base year for this study is the year 2004. Growth projections and the planned facilities to serve development are for the planning horizon of 2038. Base year residential development is estimated using the California Department of Finance estimates for January 1, 2004. Base year employment estimates are interpolated from the Association of Bay Area Government's (ABAG) *Projections 2003*.

Population and dwelling unit projections for 2038 are consistent with the City's adopted growth restrictions and the recently adopted *General Plan*. These residential

development projections are slightly higher than the ABAG projections for 2030 extrapolated to 2038. The residential projections represent substantial build out of the *General Plan*.

Employment projections are extrapolated from ABAG projections for 2030. Residential acreage estimates are based on density factors consistent with factors used in the *General Plan*. Nonresidential acreage projections are based on factors that convert employment by standard industrial classification used by ABAG to employment by land use type, combined with employees per acre estimates. Nonresidential building square feet projections are based on building square feet per employee estimates. All nonresidential conversion factors are derived from research conducted in northern and southern California and are consistent with factors used in the *General Plan*.

Table 3.1 show estimates of residential and nonresidential growth. The projected near doubling of the City indicates the need for a significant expansion of public facilities to accommodate new development. **Table 3.2** provides the land use density factors used to estimate growth in population, building square feet, and developed acres. Finally, **Table 3.3** presents the ratio of jobs to housing in the City. The ratio is anticipated to remain nearly constant through the planning horizon.

Table 3.1: City of Gilroy Growth Projections

	2004	2038	2004-2038 Increase
Residential			
<u>Residents</u>			
Single Family	32,400	55,900	23,500
Multifamily	<u>13,400</u>	<u>23,700</u>	<u>10,300</u>
Total	45,800	79,600	33,800
<u>Dwelling Units</u>			
Single Family	9,010	16,203	7,193
Multifamily	<u>4,660</u>	<u>8,375</u>	<u>3,715</u>
Total	13,670	24,578	10,908
<u>Acres (gross)</u>			
Single Family	NA	NA	1,440
Multifamily	NA	NA	<u>230</u>
Total			1,670
Nonresidential			
<u>Workers</u>			
Commercial	11,930	20,980	9,050
Industrial	<u>4,680</u>	<u>8,690</u>	<u>4,010</u>
Subtotal	16,610	29,670	13,060
Other ¹	<u>4,420</u>	<u>7,870</u>	<u>3,450</u>
Total	21,030	37,540	16,510
<u>Building Square Feet (000s)</u>			
Commercial	NA	NA	3,620
Industrial	NA	NA	<u>3,609</u>
Total			7,229
<u>Acres (gross)</u>			
Commercial	NA	NA	323
Industrial	NA	NA	<u>196</u>
Total			519

Note: "NA" indicates that these estimates were not needed for this analysis. Population and dwelling units based on Gilroy *General Plan*. Employment based on Association of Bay Area Government (ABAG) projections interpolated for 2003 and extrapolated to 2038. ABAG projections by industrial classification allocated to land use types using factors estimated from the Natelson study and prior work of the consultant.

¹ Includes public employment and employment not on commercial and industrial lands.

Sources: State of California, Department of Finance, *E-5 City/County Population and Housing Estimates, 2004, Revised 2001-2003, with 2000 DRU Benchmark*. Sacramento, California, May 2004; Association of Bay Area Governments, *Projections 2002*; Tables 3.2 and A.1; City of Gilroy *General Plan*; MuniFinancial.

Table 3.2: Land Use Densities

2004-2038		
<u>Population and Buildings</u>		
Single Family	3.27	Residents Per Single Family Unit
Multifamily	2.77	Residents Per Multifamily Unit
Commercial	400	Bldg. Sq. Ft. Per Worker
Industrial	900	Bldg. Sq. Ft. Per Worker
<u>Land Absorption</u>		
Single Family ¹	5.0	Dwelling units per gross acre
Multifamily	16.0	Dwelling units per gross acre
Commercial	28.0	Workers per gross acre
Industrial	20.5	Workers per gross acre
Commercial & Industrial ²	0.75	Net-to-gross acre ratio
Commercial	0.343	Floor-Area Ratio (net acres)
Industrial	0.565	Floor-Area Ratio (net acres)

Note: Residential densities based on City of Gilroy General Plan projections and estimates by MuniFinancial. Nonresidential factors based on Natelson data for Orange County as recalculated by MuniFinancial, and correlate with City of Gilroy General Plan estimates.

¹ Based on low density units only (not rural or hillside land use types).

² For converting worker and utility demand per gross acre factors to net acres.

Source: City of Gilroy *General Plan*; The Natelson Company, Inc., *Employment Density Summary Report*, prepared for the Southern California Association of Governments, October 31, 2001. Table 6-A, p. 19; MuniFinancial.

Table 3.3: City of Gilroy Jobs/Housing Ratio

	2004	2038
Employment	21,030	37,540
Dwelling Units	<u>13,670</u>	<u>24,578</u>
Jobs/Housing Ratio	1.54	1.53

Sources: Table 3.1, MuniFinancial.

4. STORM DRAIN FACILITIES

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

Demand for Storm Drain Facilities

Most new development generates storm water runoff that must be controlled through storm drain facilities by increasing the amount of land that is impervious to precipitation. Development that generates the need for and benefits from storm drain facilities occurs in the low density residential, multifamily residential, commercial, and industrial land use categories. **Table 4.1** shows the calculation of equivalent dwelling unit (EDU) demand factors based on impervious surface area by land use category. These factors were presented in the *City of Gilroy Storm Drainage System Master Plan*, prepared by Carollo Engineers in April 2004. **Table 4.2** present the total equivalent dwelling units (EDUs) served by planned storm drain facilities. Build out projections are used because that was the land use scenario used for modeling to determine facility needs.

Table 4.1: Equivalent Dwelling Unit Factors

Land Use	Percent Impervious Surface	EDU (per gross acre)¹
Single Family	35%	1.00
Multifamily ²	55%	1.57
Commercial	95%	2.71
Industrial	70%	2.00

¹ "EDU" is equivalent dwelling unit and is per gross acres (including in-tract right-of-way and other public uses).

² Midpoint of medium and high density categories.

Sources: City of Gilroy Carollo Engineers, *Storm Drainage System Master Plan*, May 2004, Table 3.2; MuniFinancial.

Table 4.2: Total Equivalent Dwelling Units (EDUs)

	Growth 2004-2038 (gross acres)	EDU Factor	Total EDUs
<i><u>Residential</u></i>			
Single Family	1,440	1.00	1,440
Multifamily	230	1.57	360
<i><u>Nonresidential</u></i>			
Commercial	323	2.71	880
Industrial	196	2.00	<u>390</u>
Total			3,070

Sources: Table 3.1 and 4.1; MuniFinancial.

Facilities to Accommodate Growth

Hydrologic modeling uses a "design storm" to estimate the precipitation that must be accommodated by storm drain facilities. The measure of a design storm is typically expressed in terms of the probability of a particular storm in any one year. For example, a 100-year storm is the storm that would occur on average once during 100 years. Facilities designed to accommodate runoff from this type of storm provide 100-year flood protection.

The 24-hour, 10 year design storm was used for sizing of conveyance facilities for drainable areas in the City of Gilroy. This storm was consistent with the current City design standards. The 24-hour, 100 year design storm was used to determine if street flooding exceeds one foot in depth and could flood buildings or create serious safety hazards.

Table 4.3 presents the costs for storm drain facilities required to serve new development. The total CIB costs for storm drainage facilities are credited by the existing fund balance, interest, and a transfer from the General Fund to calculate the net cost to new development. None of these facility costs are associated with correcting existing deficiencies. See *Appendix A* for a detailed breakdown of costs and revenues from the CIB for storm drain facilities.

Table 4.3: Storm Drain System Planned Improvements To Accommodate New Development, 2004-2038

Facility Costs	
<i>Costs</i>	
Class 42: Materials and Services	\$ 1,194,000
Class 43: Capital Outlay	<u>4,600,000</u>
Total Costs	\$ 5,794,000
<i>Revenues</i>	
Existing Fund Balance	\$ 880,000
Interest	2,974,000
Transfer From General Fund	<u>120,000</u>
Total Revenues	\$ 3,974,000
Net Cost	\$ 1,820,000
New Development Demand (EDUs)	<u>3,070</u>
Cost Per EDU	\$ 593

Note: "EDU" is equivalent dwelling unit.

Sources: City of Gilroy Capital Improvement Budget, Fund 420; Table 4.2; MuniFinancial.

Program Administration Costs

The fee schedule also includes a program administration charge. This charge represents citywide overhead costs applied to all programs such as legal counsel, finance, and human resources. Other program administration costs include revenue collection, annual and five-year statutory accounting requirements, justification analyses such as the current study, CIB management costs, and other Community Department costs associated with administration of the fee program.

The City has a standard overhead charge of 6.75 percent on direct program costs. For the purposes of the CIB and the public facilities fee, the City will fund 76 percent of program administration costs from the General Fund. The City will allocate to new development and the public facilities fee the remaining 24 percent.

Table 4.4 presents the cost per EDU for program administration and **Table 4.5** summarizes the charge per dwelling unit residential and acre for nonresidential.

Table 4.4: Program Administration Cost - Storm, 2004-2038

Program Administration Cost	\$	101,000
New Development Demand (EDUs)		3,070
Program Administration Cost per EDU	\$	33

Note: "EDU" is equivalent dwelling unit.

Sources: City of Gilroy, *Capital Improvement Budget*, Fund 420; Table 4.2; MuniFinancial.

Table 4.5: Program Administration Charge - Storm

	Admin. Cost Per EDU	EDU Factor	Admin. Charge ¹
<i>Residential</i>			
Single Family	\$ 33	1.00	\$ 33
Multifamily	33	1.57	52
<i>Nonresidential</i>			
Commercial	\$ 33	2.71	\$ 89
Industrial	33	2.00	66

Note: "EDU" is equivalent dwelling unit.

¹ Charge per dwelling unit for residential and per acre for nonresidential.

Sources: Tables 4.1 and 4.4; MuniFinancial.

Fee Schedule

Table 4.6 shows the storm drain public facilities fee based on the cost per EDU shown in Table 4.3. The cost per EDU is converted to a fee per unit of development based on dwelling units for residential and acres for nonresidential development.

Table 4.6: Storm Drain Facilities Fee

	Cost Per EDU	EDU Factor	Facility Fee	Program Admin. Charge	Fee (Per Gross Acre)
<i><u>Residential</u></i>					
Single Family	\$ 593	1.00	\$ 593	\$ 33	\$ 626
Multifamily	593	1.57	931	52	983
<i><u>Nonresidential</u></i>					
Commercial	\$ 593	2.71	\$ 1,607	\$ 89	\$ 1,696
Industrial	593	2.00	1,186	66	1,252

Sources: Tables 4.1, 4.3, and 4.5; MuniFinancial.

5. WATER FACILITIES

This chapter presents an analysis of the need for water facilities to accommodate new development in the City of Gilroy. A fee schedule is presented based on the cost of these facilities to ensure that new development provides adequate funding to meet its needs.

Demand for Water Facilities

The City's *Water System Master Plan* estimated water demand based on a standard of 180 gallons per day per capita (gpcd). This demand standard is based on population but incorporates demand from nonresidential development as well. **Table 5.1** calculates the increase in water demand from 2004 to 2038.

Table 5.1: Water System Demand

	2004	2038	2004-2038 Increase
Population	45,800	79,600	33,800
Demand Rate (gpcd)	180	180	
Water Demand (kgpd)	8,240	14,330	6,090

Note: "Gpcd" is average demand in gallons per capita per day. "Kgpd" is demand in thousands of gallons per day.

Sources: Carollo Engineers, *City of Gilroy Water System Master Plan*, May 2004, p. ES-4; Table 3.1; MuniFinancial.

To allocate facility costs, demand standards had to be estimated by land use type. The *Water System Master Plan* estimated demand by land use types based on an analysis of 2002 water demand and city land use data. However, the 2002 analysis resulted in demand rates that were lower than anticipated for planning purposes (about 163 gpcd instead of 180 gpcd). Therefore, for the purposes of the facility fee analysis, these 2002 demand standards were increased proportionately to generate the projected growth in demand from 2004 to 2038 shown in Table 5.1. These adjusted demand standards are shown in **Table 5.2**.

Table 5.2: Water System Demand Rates

	Current Demand Rates ¹			Demand Rates For Capital Planning		
	2002 Develop- ment ²	Demand (kgpd)	Demand Rate ³	2004-2038 Growth ²	Demand Growth (kgpd)	Demand Rate ³
Single Family	9,180	5,001	545	7,193	4,590	638
Multifamily	3,680	811	220	3,715	960	258
Commercial	1,028	886	862	323	330	1,009
Industrial	514	443	862	196	200	1,009
Total (preliminary)		7,141			6,080	
Adjust for Rounding		-			10	
Total ⁴		7,141			6,090	

Note: "Kgpd" is average demand in thousands of gallons per day.

¹ Based on 2002 data of average daily demand reported in the *Water System Master Plan*. Existing residential development data from Calif. Dept. of Finance. Existing nonresidential acreage derived using demand and demand rates. Public land use demand allocated proportionately across private land uses.

² Dwelling units for residential development and gross acres for nonresidential development.

³ Gallons per day per dwelling unit or per gross acre. 2002 rates increased to generate 2004-2038 demand growth estimate using a factor of: 17.1%

⁴ May not sum due to rounding.

Sources: State of California, Department of Finance, *E-5 City/County Population and Housing Estimates, 2004, Revised 2001-2003, with 2000 DRU Benchmark*. Sacramento, California, May 2004; Carollo Engineers, *City of Gilroy Water System Master Plan*, May 2004, Tables 2.1 and 3.5; Tables 3.1 and 5.1; MuniFinancial.

Facilities to Accommodate Growth

The City provides potable water service to residential, commercial, and industrial land uses with the City. The City's municipal water system extracts water from underground aquifers via a series of wells and distributed via 120 miles of pipes ranging from 4 to 30-inches in diameter.

Table 5.3 presents the future water CIB costs for improvements to serve new development to 2038 within the City of Gilroy. The total CIB are offset by revenues including, an interest, transfers from the General Fund, and grants to derive the net cost of facilities to new development. The *Water System Master Plan* indicated that the City has a current supply deficiency equal to approximately two new wells. The costs of these two wells are excluded from the cost of planned facilities required to serve growth in the table.

The total net cost to serve growth divided by the increase in demand provides the cost standard per thousand gallons per day (kgpd) to new development. See the CIB summary sheet in *Appendix A* for further detail on the costs and revenues for planned water facilities.

Table 5.3: Water Systems Planned Improvements, 2004-2038

	New Development Share	Existing Development Share	Total
Costs			
Class 42: Materials & Services	\$ 5,045,000	\$ -	\$ 5,045,000
Class 43: Capital Outlay ¹	26,690,000	4,748,000	31,438,000
Class 44: Financing ²	<u>3,651,000</u>	<u>-</u>	<u>3,651,000</u>
Total Costs	\$ 35,386,000	\$ 4,748,000	\$ 40,134,000
Revenues			
Existing Fund Balance ³	\$ (1,020,000)	\$ -	\$ (1,020,000)
Interest ⁴	3,968,000	-	3,968,000
Transfer from General Fund	<u>-</u>	<u>380,000</u>	<u>380,000</u>
Total Revenues	\$ 2,948,000	\$ 380,000	\$ 3,328,000
Net Cost	\$ 32,438,000	\$ 4,368,000	\$ 36,806,000
	88%	12%	100%
New Development Demand (kgpd)	<u>6,090</u>		
Cost Per Kgpd	\$ 5,326		

Note: "Kgpd" is average demand in thousands of gallons per day.

¹ Existing development share of capital outlay represents land and improvements costs for two future wells to correct existing supply deficiency.

² Represents debt repayment net of bond proceeds for Wells 10 and 11. Debt financing required to provide facilities in a timely manner to accommodate growth so all costs allocated to new development.

³ Existing fund balance in facility fee account.

⁴ Given existing negative fund balance, all interest associated with future facility fees are allocated to new development

Sources: City of Gilroy, *Capital Improvement Budget*, Fund 436; Table 5.1; MuniFinancial.

Program Administration Costs

The fee schedule also includes a program administration charge. This charge represents citywide overhead costs applied to all programs such as legal counsel, finance, and human resources. Other program administration costs include revenue collection, annual and five-year statutory accounting requirements, justification analyses such as the current study, CIB management costs, and other Community Department costs associated with administration of the fee program.

The City has a standard overhead charge of 6.75 percent on direct program costs. For the purposes of the CIB and the public facilities fee, the City will fund 76 percent of program administration costs from the General Fund. The City will allocate to new development and the public facilities fee the remaining 24 percent.

Table 5.4 presents the cost per kgpd for program administration and **Table 5.5** summarizes the charge per dwelling unit residential and per kgpd for nonresidential.

Table 5.4: Program Administration Cost - Water, 2004-2038

Program Administration Cost	\$	638,000
New Development Demand (kgpd)		6,090
Program Administration Cost per Kgpd	\$	105

Note: "Kgpd" is average demand in thousands of gallons per day.

Sources: City of Gilroy, *Capital Improvement Budget*, Fund 436; Table 5.1; MuniFinancial.

Table 5.5: Program Administration Charge - Water

	Admin. Cost Per Kgpd	Demand Rate ¹	Admin. Charge ²
<i>Residential</i>			
Single Family	\$ 105	638	\$ 67
Multifamily	105	258	27
<i>Nonresidential</i>			
Commercial	\$ 105	N/A	\$ 105
Industrial	105	N/A	105

Note: "Kgpd" is average demand in thousands of gallons per day.

¹ Gallons per day per dwelling unit.

² Charge per dwelling unit for residential and per kgpd for nonresidential.

Sources: Tables 5.2 and 5.4; MuniFinancial.

Fee Schedule

Table 5.6 shows the water connection fee based on the cost per kgpd shown in Table 5.3 and CDD administration costs from Table 5.4. The cost per kgpd is converted to a fee per unit of development based on the demand standards estimated in Table 5.2.

Table 5.6: Water Facilities Fee

	Cost Per Kgpd	Demand Rate¹	Facility Fee	Program Admin. Charge	Total Fee²
<i><u>Residential</u></i>					
Single Family	\$ 5,326	638	\$ 3,398	\$ 67	\$ 3,465
Multifamily	5,326	258	1,374	27	1,401
<i><u>Nonresidential</u></i>					
Commercial	\$ 5,326	NA	5,326	\$ 105	\$ 5,431
Industrial	5,326	NA	5,326	105	5,431

Note: "Kgpd" is average demand in thousands of gallons per day. "NA" is not applicable.

¹ Gallons per day per dwelling unit.

² Fee per dwelling unit for residential and per kgpd for nonresidential.

Sources: Tables 5.2, 5.3 and 5.5; MuniFinancial.

6. SEWER FACILITIES

This chapter presents an analysis of the need for sewer facilities to accommodate new development in the City of Gilroy. A fee schedule is presented based on the cost of these facilities to ensure that new development provides adequate funding to meet its needs.

Demand for Sewer Facilities

The City's *Sewer System Master Plan* estimated sewer demand at 52 percent of water demand. **Table 6.1** calculates the increase in water demand from 2004 to 2038 based on estimated water demand presented in Chapter 5.

Table 6.1: Sewer System Demand

	2004	2038	2004-2038 Increase
Water Demand (kgpd)	8,240	14,330	6,090
Sewer % of Water Demand	<u>52%</u>	<u>52%</u>	
Sewer Demand (kgpd)	4,280	7,450	3,170

Note: "Kgpd" is average demand in thousands of gallons per day.

Sources: Carollo Engineers, *City of Gilroy Sewer System Master Plan*, May 2004, Table 3.3; Table 5.1; MuniFinancial.

To allocate facility costs, demand standards had to be estimated by land use type. The *Sewer System Master Plan* estimated demand by land use types based on an analysis of 2002 sewer demand and city land use data. As noted in the last chapter the 2002 analysis resulted in demand rates that were lower than anticipated for planning purposes. Therefore, for the purposes of the facility fee analysis, these 2002 demand standards were increased proportionately to generate the projected growth in demand from 2004 to 2038 shown in Table 6.1. These adjusted demand standards are shown in **Table 6.2**.

Table 6.2: Sewer System Demand Rates

	Current Demand Rates ¹			Demand Rates For Capital Planning		
	2002 Develop- ment ²	Demand (kgpd)	Demand Rate ³	2003-2038 Growth ²	Demand Growth (kgpd)	Demand Rate ³
Single Family	9,180	2,521	275	7,193	2,270	316
Multifamily	3,680	547	149	3,715	640	171
Commercial	1,028	318	309	323	110	355
Industrial	514	265	516	196	120	593
Total ⁴		3,651			3,170	

Note: "Kgpd" is average daily demand in thousands of gallons per day.

¹ Based on 2002 data based average dry weather flow as reported in the *Sewer System Master Plan*. Existing residential development data from Calif. Dept. of Finance. Existing nonresidential acreage derived using demand and demand rates. Public land use demand allocated proportionately across private land uses.

² Dwelling units for residential development and thousand building square feet for nonresidential development.

³ Gallons per day per dwelling unit or per gross acre. 2002 rates increased to generate 2004-2038 demand growth estimate using a factor of: 14.9%

⁴ May not sum due to rounding.

Sources: State of California, Department of Finance, *E-5 City/County Population and Housing Estimates, 2004, Revised 2001-2003, with 2000 DRU Benchmark*. Sacramento, California, May 2004; Carollo Engineers, *City of Gilroy Sewer System Master Plan*, May 2004, Tables 2.1 and 3.2; Tables 3.1 and 6.1; MuniFinancial.

Facilities to Accommodate Growth

The City’s sewer collection system consists of approximately 110 miles of 6-inch to 33-inch diameter sewers. The system conveys collected wastewater flows to the wastewater treatment plant through a system of trunk sewers. Design flow criteria were used for estimating the City’s future sewer requirements and for evaluating the capacity adequacy for the collection system. The dry weather flows were estimated by applying land use coefficient factors, and a 5-year 24-hour storm event was used to simulate the wet weather flows.

Table 6.3 presents the future sewer CIB costs for improvements to serve new development to 2038 within the City of Gilroy. The total CIB are offset by revenues including, an interest, transfers from the General Fund, and grants to derive the net cost of facilities to new development. The planned facilities shown in the table will only serve growth and will not correct existing deficiencies.

The total net cost to serve growth divided by the increase in demand provides the cost standard per hundreds gallons per day (cgpd) to new development. See the CIB summary sheet in *Appendix A* for further detail on the costs and revenues for planned sewer facilities.

Table 6.3: Sewer System Planned Improvements To Accommodate New Development, 2004-2038

	Facility Costs
<i>Costs</i>	
Class 42: Materials & Services	\$ 1,669,000
Class 43: Capital Outlay	5,502,000
Class 44: Financing Costs ¹	<u>130,391,000</u>
Total Costs	\$ 137,562,000
<i>Revenues</i>	
Existing Fund Balance	\$ 6,934,000
Interest	14,128,000
Transfer From General Fund	<u>2,240,000</u>
Total Revenues	\$ 23,302,000
Net Cost	\$ 114,260,000
New Development Demand (kgpd)	<u>3,170</u>
Cost Per Cgpd	\$ 3,604

Note: "Cpgd" is average demand in hundreds of gallons per day.

¹ South County Regional Wastewater Authority sewage treatment and disposal costs.

Sources: City of Gilroy *Capital Improvement Budget*, Fund 435; Table 6.1; MuniFinancial.

Program Administration Costs

The fee schedule also includes a program administration charge. This charge represents citywide overhead costs applied to all programs such as legal counsel, finance, and human resources. Other program administration costs include revenue collection, annual and five-year statutory accounting requirements, justification analyses such as the current study, CIB management costs, and other Community Department costs associated with administration of the fee program.

The City has a standard overhead charge of 6.75 percent on direct program costs. For the purposes of the CIB and the public facilities fee, the City will fund 76 percent of program administration costs from the General Fund. The City will allocate to new development and the public facilities fee the remaining 24 percent.

Table 6.4 presents the cost per cpgd for program administration and **Table 6.5** summarizes the charge per dwelling unit residential and per cpgd for nonresidential.

Table 6.4: Program Administration Cost - Sewer, 2004-2038

Program Administration Cost	\$ 125,000
New Development Demand (kgpd)	<u>3,170</u>
Program Administration Cost per Cgpd	\$ 4

Note: "Kgpd" and "cpgd" is average demand in thousands and hundreds of gallons per day, respectively..

Sources: City of Gilroy *Capital Improvement Budget*, Fund 435; Table 6.1; MuniFinancial.

Table 6.5: Program Administration Charge - Sewer

	Admin. Cost Per Cgpd	Demand Rate ¹	Admin. Charge ²
<i>Residential</i>			
Single Family	\$ 4	316	\$ 13
Multifamily	4	171	7
<i>Nonresidential</i>			
Commercial	\$ 4	N/A	\$ 4
Industrial	4	N/A	4

Note: "Cgpd" is average demand in hundreds of gallons per day. "NA" is not applicable.

¹ Gallons per day per dwelling unit.

² Charge per dwelling unit for residential and per cpgd for nonresidential.

Sources: Tables 6.2 and 6.4; MuniFinancial.

Fee Schedule

Table 6.6 shows the water connection fee based on the cost per cpgd shown in Table 6.3. The cost per cpgd is converted to a fee per unit of development based on the calculation shown in Table 6.1.

Table 6.6: Sewer System Fee

	Cost Per Cgpd	Demand Rate ¹	Facility Fee	Program Admin. Charge	Total Fee ²
<i>Residential</i>					
Single Family	\$ 3,604	316	\$ 11,389	\$ 13	\$ 11,402
Multifamily	3,604	171	6,163	7	6,170
<i>Nonresidential</i>					
Commercial	\$ 3,604	NA	\$ 3,604	\$ 4	\$ 3,608
Industrial	3,604	NA	3,604	4	3,608

Note: "Cgpd" is average demand in hundreds of gallons per day. "NA" is not applicable.

¹ Gallons per day per dwelling unit.

² Fee per dwelling unit for residential and per cgpd for nonresidential.

Sources: Table 6.2, 6.3, and 6.5; MuniFinancial.

7. TRAFFIC IMPROVEMENT FACILITIES

This chapter summarizes an analysis of the need for traffic improvement facilities that include roadway and intersection improvements, to accommodate new development. The chapter documents a reasonable relationship between new development and the impact fee for funding of these facilities.

Demand for Traffic Facilities

Traffic demand from new development is based on evening peak hour trip generation rates (the rates used in modeling development impacts and consequent need for improvements). Trips rates are derived from the original traffic study performed for the City in 1991. The rates reflect the rates recently used in the model to update the fee program based on the new *General Plan*. These rates adjust for trips already on the network to avoid over-estimating the impact of development.

Table 7.1 shows traffic demand that would be generated by new development from 2004 to the 2038 planning horizon and build out of the *General Plan*. The traffic analysis conducted for the *General Plan* was based on build out of both residential and nonresidential land uses. This fee analysis had to adjust the traffic improvements associated with *General Plan* analysis to the 2038 planning used in this report that represents residential but not nonresidential build out. This adjustment was done by comparing the total vehicle trips generated by *General Plan* build out with those generated by the land use scenario used for this report. See **Table A.1** in the *Appendix* for the calculation of nonresidential build out.

The traffic facilities fee is applied to two commercial land uses to distinguish between uses with low and high trip generation. The City will use trip rates published by the Institute for Transportation Engineers (ITE) to determine whether a commercial land use falls in the “low” or “high” traffic generation category. The evening peak hour trip rate as measured by ITE that corresponds to the dividing line between the “low” and “high” commercial categories is 10.75 evening peak hour trips per 1,000 square feet. See **Table A.2** in the *Appendix* for a derivation of the peak hour trip distinction by land use type.

The ITE rates are not adjusted for trips already on the network, for example pass by and diverted trips, so the ITE rates are much higher than those shown in Table 7.1. However, the ITE rates reasonably represent the relative demand placed on the road system among different land uses so they are appropriate for classifying commercial projects into these two fee categories.

Table 7.1: Total Vehicle Trips - General Plan Build Out Vs. 2038 Planning Horizon

Land Use Category	Trip Rate ¹	Allocation ²	2038 Planning Horizon		General Plan Build out	
			Growth ³	Total New Trips	Growth ³	Total New Trips
<i>Residential</i>						
Single Family	1.32	NA	7,193	9,495	7,193	9,495
Multifamily	1.07	NA	3,715	3,975	3,715	3,975
Subtotal Residential			10,908	13,470	10,908	13,470
<i>Nonresidential</i>						
Commercial - Low	1.46	75%	2,715	3,964	3,433	5,012
Commercial - High	2.95	25%	905	2,670	1,144	3,375
Subtotal Commercial			3,620	6,634	4,577	8,387
Industrial - General	0.57	90%	3,248	1,851	4,119	2,348
Industrial - Warehouse	0.42	10%	361	152	19,233	8,078
Subtotal Industrial			3,609	2,003	23,352	10,426
Subtotal Commercial & Industrial			7,229	8,637	27,929	18,813
Total Trips				22,107		32,283
2038 Planning Horizon Trips Percent of General Plan Build Out Trips						68%

¹ Trip rates per dwelling unit or per 1,000 building square feet. Rates derived from original 1991 fee program and continue to be reasonable estimates of relative trip generation by land use type.

² Commercial and industrial allocations based on anticipated development. Only high trip generators such as supermarkets, fast food restaurants, and gas stations fall in "Commercial - High" category. "Industrial - Warehouse" category limited to warehouse and self-storage. Build out development associated with the 660-acre parcel located east of Gilroy outlets is included in industrial land uses.

³ Growth from 2004 in dwelling units or 1,000 building square feet.

Sources: TJKM Transportation Consultants, *Citywide Traffic Impact Fee Study*, Table III, July 1991; Tables 3.1 and A.1; MuniFinancial.

Facilities to Accommodate Growth

The City used the following design standards to identify needed traffic improvement:

- ◆ Level of service that measures congestion (the City *General Plan* standard is LOS “C” or “D” during peak hours allowing short-term, tolerable delays); and
- ◆ Circulation improvements to promote better access onto and off of freeways and better circulation around the City.

The City of Gilroy uses the Santa Clara Valley Transportation Authority Congestion Management Agency (VTA) requirements and methodologies for evaluating roadway and intersection analysis. Traffic operations at signalized and unsignalized intersections and roadways are evaluated using the TRAFFIX analysis tool, which is based on *Highway Capacity Manual 2000* analysis methodologies.

The most significant projected traffic increases are on roadway facilities that provide connections to job centers located along the Highway 101 corridor. These include Highway 152, Monterey Road, Santa Teresa Expressway and Buena Vista Avenue.

Table 7.2 presents the future traffic facility CIB costs to serve new development to the 2038 planning horizon and General Plan build out within the City of Gilroy. To calculate capital outlay costs associated with new development through the 2038 planning horizon, build out costs are adjusted by the share of trips that will occur to 2038 as shown in Table 7.1. CIB costs are offset by revenues including, existing fund balance, interest, transfers from the General Fund, and other revenue to derive the net cost of facilities to new development. Existing development’s fair share of facilities are offset by identified other revenue sources. The table shows the total net cost to serve growth for the 2038 planning horizon divided by the increase in demand to calculate the cost standard per trip for new development.

Table 7.2: Transportation System Planned Improvements To Accommodate Growth

	New Development Share		Existing Development Share ¹	Total
	2004 To 2038 Planning Horizon	2038 Planning Horizon To Build Out		
<u>Traffic Improvement CIB Costs</u>				
Class 41: Personnel Expense	\$ 15,256,000	\$ -	\$ -	\$ 15,256,000
Class 42: Materials and Services	6,752,000	-	-	6,752,000
Class 43: Capital Outlay ²	188,067,248	88,502,234	2,302,518	278,872,000
Total Costs	\$ 210,075,248	\$ 88,502,234	\$ 2,302,518	\$ 300,880,000
<u>Traffic Improvement CIB Revenues</u>				
Fund Balance	\$ 2,890,000	\$ -	\$ -	\$ 2,890,000
Interest	31,626,000	-	-	31,626,000
Transfer From General Fund	5,673,000	-	-	5,673,000
Other Revenue	1,817,482	-	2,302,518	4,120,000
Total Revenues	\$ 42,006,482	\$ -	\$ 2,302,518	\$ 44,309,000
Net Cost	\$ 168,068,766	\$ 88,502,234	\$ -	\$ 256,571,000
Total Trips	22,107			
Cost Per Trip	\$ 7,603			

Note: Transportation improvement costs to General Plan build out include impacts associated with development of 660 acres of campus industrial east of Gilroy outlets.

¹ Existing development share of facilities per Higgins & Associates memo to Rick Smelser dated August 23, 2004 regarding existing impacts of the City of Gilroy Traffic Circulation Master Plan.

² Allocation of new development share before/after 2038 based on share of trips shown in Table 7.1.

Sources: City of Gilroy *Capital Improvement Budget*, Fund 433; Table 7.1; MuniFinancial.

Using total trips to adjust capital costs to the 2038 planning horizon is a reasonable method to estimate the costs associated with new development. An analysis of the traffic improvements associated with one large area of the City, the 660-acre parcel located east of the Gilroy Outlets development was conducted to verify this approach.

The results of that analysis indicate that the cost per trip of citywide traffic improvements with that parcel is nearly the same as the cost per trip without the parcel. See **Table A.3** in the *Appendix* for details of this analysis.

Program Administration Costs

The fee schedule also includes a program administration charge. This charge represents citywide overhead costs applied to all programs such as legal counsel, finance, and human resources. Other program administration costs include revenue collection, annual and five-year statutory accounting requirements, justification analyses such as the current study, CIB management costs, and other Community Department costs associated with administration of the fee program.

The City has a standard overhead charge of 6.75 percent on direct program costs. For the purposes of the CIB and the public facilities fee, the City will fund 76 percent of program administration costs from the General Fund. The City will allocate to new development and the public facilities fee the remaining 24 percent.

Table 7.3 presents the cost per trip for program administration and **Table 7.4** summarizes the charge per dwelling unit residential and per 1,000 square feet for nonresidential.

Table 7.3: Program Administration Cost - Traffic, 2004-2038

Program Administration Cost	\$ 5,265,000
Total Trips	<u>22,107</u>
Program Administration Cost Per Trip	\$ 238

Sources: City of Gilroy *Capital Improvement Budget*, Fund 433; Table 7.1; MuniFinancial.

Table 7.4: Program Administration Charge - Traffic

	Trip Rate ¹	Admin Cost Per Trip	Program Admin. Charge ²
<i>Residential</i>			
Single Family	1.32	\$ 238	\$ 310
Multifamily	1.07	238	250
<i>Nonresidential</i>			
Commercial - Low	1.46	\$ 238	\$ 350
Commercial - High	2.95	238	700
Industrial - General	0.57	238	140
Industrial - Warehouse	0.42	238	100

¹ Evening peak hour trips per dwelling unit or per 1,000 building square feet.

² Charge per dwelling unit for residential and per 1,000 sq. ft. for nonresidential.

Sources: Tables 7.1 and 7.3; MuniFinancial.

Fee Schedule

Table 7.5 shows the traffic facilities impact fee based on cost per trip calculated in Tables 7.2. The cost per trip is converted to a fee per unit of development based on dwelling unit and building space.

Table 7.5: Traffic Facilities Fee

	Cost Per Trip	Trip Rate ¹	Fee	Program Admin. Charge	Total Fee ²
<i>Residential (Per Dwelling Unit)</i>					
Single Family	\$ 7,603	1.32	\$ 10,040	\$ 310	\$ 10,350
Multifamily	7,603	1.07	8,140	250	8,390
<i>Nonresidential (Per 1,000 Sq. Ft.)</i>					
Commercial - Low	\$ 7,603	1.46	\$ 11,100	\$ 350	\$ 11,450
Commercial - High	7,603	2.95	22,430	700	23,130
Industrial - General	7,603	0.57	4,330	140	4,470
Industrial - Warehouse	7,603	0.42	3,190	100	3,290

¹ Evening peak hour trips per dwelling unit or per 1,000 building square feet.

² Fee per dwelling unit for residential and per 1,000 bldg square feet for nonresidential.

Sources: Tables 7.1, 7.2 and 7.4; MuniFinancial.

8. FEE COMPARISON & IMPLEMENTATION

This chapter summarizes all four fees and compares them with existing fees imposed by the City. Following the comparison is a section on implementation issues applicable to all four fee programs.

Fee Comparison

The City is currently charging fees based on the FY 03-04 CIB for the four utility and traffic facility types included in this study. The proposed updated fees would continue to increase through FY 2037-38 in real terms.

The fees determined in this report are also derived from the updated facility master plans. However, unlike the CIB fees the proposed fees would remain flat over time except for increases to accommodate inflation.

Table 8.1 compares the current and proposed fee programs by land use type for:

- ◆ FY 03-04 CIB fees (currently adopted); and
- ◆ MuniFinancial fees (proposed based on the methodology used in this study).

Table 8.2 compares the current and proposed fee programs by land use type for:

- ◆ FY 37-38 CIB fees (proposed based on current CIB fee methodology); and
- ◆ MuniFinancial fees (proposed based on the methodology used in this study).

All fees are shown in real dollars and would increase over time to adjust for cost inflation.

Table 8.3 summarizes the total costs attributable to growth, offsetting revenues, and the remaining amounts that would be generated by the proposed facility fees. Offsetting revenues are primarily composed of interest earnings on fund balances.

Table 8.1: Fee Comparison - FY 2003-04

	Storm (per gross acre)	Water (per du or kgpd)	Sewer (per du or cpgd)	Traffic (per du or kst)
<u>Single Family</u>				
CIB FY 03-04 (<i>current</i>)	\$ 555	\$ 2,600	\$ 7,090	\$ 5,560
MuniFinancial (<i>proposed</i>)	626	3,465	11,402	10,350
Increase/(Decrease)	\$ 71 13%	\$ 865 33%	\$ 4,312 61%	\$ 4,790 86%
<u>Multifamily</u>				
CIB FY 03-04 (<i>current</i>)	\$ 833	\$ 1,860	\$ 5,070	\$ 4,510
MuniFinancial (<i>proposed</i>)	983	1,401	6,170	8,390
Increase/(Decrease)	\$ 150 18%	\$ (459) (25%)	\$ 1,100 22%	\$ 3,880 86%
<u>Commercial - Low Traffic</u>				
CIB FY 03-04 (<i>current</i>)	\$ 1,110	\$ 3,950	\$ 2,270	\$ 6,150
MuniFinancial (<i>proposed</i>)	1,696	5,431	3,608	11,450
Increase/(Decrease)	\$ 586 53%	\$ 1,481 37%	\$ 1,338 59%	\$ 5,300 86%
<u>Commercial - High Traffic</u>				
CIB FY 03-04 (<i>current</i>)	\$ 1,110	\$ 3,950	\$ 2,270	\$ 12,430
MuniFinancial (<i>proposed</i>)	1,696	5,431	3,608	23,130
Increase/(Decrease)	\$ 586 53%	\$ 1,481 37%	\$ 1,338 59%	\$ 10,700 86%
<u>Industrial</u>				
CIB FY 03-04 (<i>current</i>)	\$ 1,249	\$ 3,950	\$ 2,270	\$ 2,400
MuniFinancial (<i>proposed</i>)	1,252	5,431	3,608	4,470
Increase/(Decrease)	\$ 3 0%	\$ 1,481 37%	\$ 1,338 59%	\$ 2,070 86%
<u>Warehouse</u>				
CIB FY 03-04 (<i>current</i>)	\$ 1,249	\$ 3,950	\$ 2,270	\$ 1,770
MuniFinancial (<i>proposed</i>)	1,252	5,431	3,608	3,290
Increase/(Decrease)	\$ 3 0%	\$ 1,481 37%	\$ 1,338 59%	\$ 1,520 86%

Note: "Du" is dwelling unit. "Ksf" is thousands of building square feet. "CIB" are fees shown in the City of Gilroy *Capital Improvement Budget*. "MuniFinancial" represents fees developed by MuniFinancial for the current study, and unlike the CIB fees, would not vary in real dollars by fiscal year.

Sources: City of Gilroy, *Capital Improvement Budget*; Tables 3.2, 4.6, 5.6, 6.6, and 7.5; MuniFinancial.

Table 8.2: Fee Comparison - FY 2037-38

	Storm (per gross acre)	Water (per du or kgpd)	Sewer (per du or cpgd)	Traffic (per du or kst)
<u>Single Family (per du)</u>				
CIB FY 37-38 (proposed)	\$ 555	\$ 5,240	\$ 14,330	\$ 17,672
MuniFinancial (proposed)	626	3,465	11,402	10,350
Increase/(Decrease)	\$ 71 13%	\$ (1,775) (34%)	\$ (2,928) (20%)	\$ (7,322) (41%)
<u>Multifamily (per du)</u>				
CIB FY 37-38 (proposed)	\$ 833	\$ 3,750	\$ 10,250	\$ 14,336
MuniFinancial (proposed)	983	1,401	6,170	8,390
Increase/(Decrease)	\$ 150 18%	\$ (2,349) (63%)	\$ (4,080) (40%)	\$ (5,946) (41%)
<u>Commercial - Low Traffic (per ksf)</u>				
CIB FY 37-38 (proposed)	\$ 1,110	\$ 7,960	\$ 4,590	\$ 19,549
MuniFinancial (proposed)	1,696	5,431	3,608	11,450
Increase/(Decrease)	\$ 586 53%	\$ (2,529) (32%)	\$ (982) (21%)	\$ (8,099) (41%)
<u>Commercial - High Traffic (per ksf)</u>				
CIB FY 37-38 (proposed)	\$ 1,110	\$ 7,960	\$ 4,590	\$ 39,510
MuniFinancial (proposed)	1,696	5,431	3,608	23,130
Increase/(Decrease)	\$ 586 53%	\$ (2,529) (32%)	\$ (982) (21%)	\$ (16,380) (41%)
<u>Industrial (per ksf)</u>				
CIB FY 37-38 (proposed)	\$ 1,249	\$ 7,960	\$ 4,590	\$ 7,628
MuniFinancial (proposed)	1,252	5,431	3,608	4,470
Increase/(Decrease)	\$ 3 0%	\$ (2,529) (32%)	\$ (982) (21%)	\$ (3,158) (41%)
<u>Warehouse (per ksf)</u>				
CIB FY 37-38 (proposed)	\$ 1,249	\$ 7,960	\$ 4,590	\$ 5,627
MuniFinancial (proposed)	1,252	5,431	3,608	3,290
Increase/(Decrease)	\$ 3 0%	\$ (2,529) (32%)	\$ (982) (21%)	\$ (2,337) (42%)

Note: "Du" is dwelling unit. "Ksf" is thousands of building square feet. "CIB" are fees shown in the City of Gilroy *Capital Improvement Budget*. "MuniFinancial" represents fees developed by MuniFinancial for the current study, and unlike the CIB fees, would not vary in real dollars by fiscal year.

Sources: City of Gilroy, *Capital Improvement Budget*; Tables 3.2, 4.6, 5.6, 6.6, and 7.5; MuniFinancial.

Table 8.3: Projected Costs and Revenues, 2004-2038 (\$000s)

	Storm	Water	Sewer	Traffic
Total Costs Attributable To Growth	\$ 5,895	\$ 36,024	\$ 137,687	\$ 215,340
Non-Fee Revenues Credited to New Development	<u>3,974</u>	<u>2,948</u>	<u>23,302</u>	<u>42,006</u>
Net Costs To Be Funded By Facilities Fee	\$ 1,921	\$ 33,076	\$ 114,385	\$ 173,334

Sources: Tables 4.3, 4.4, 5.3, 5.4, 6.3, 6.4, 7.2, and 7.3; MuniFinancial.

Implementation

This section identifies tasks that the City should complete when implementing the fee programs.

Council Adoption

The City Council should adopt the proposed fee schedule in compliance with *California Government Code* Sections 66016 through 66018. The City should:

- ◆ Send a notice of a public hearing at least 14 days prior to the hearing to any party that has submitted a written request for such a notice. Have this report and all supporting documentation such as the updated facility master plans available for review by the public at least 10 days prior to the hearing;
- ◆ Hold the public to consider adoption of the fee schedule;
- ◆ Adopt an implementing ordinance to establish the City's authority to impose the proposed fee and automatically adjust the fee annually for inflation, and adopt a resolution to set the fee based on the proposed fee schedule;
- ◆ Begin collecting the fee no sooner than 60 days following adoption of the ordinance and resolution.

Fee Accounting

The City should deposit fee revenues into existing restricted fee accounts for each utility and traffic facility type. Interest earned on fund balances should be credited to the fund.

Programming Revenues

The City should annually update the CIB to program all existing fund balances and projected fee revenue to specific capital projects. The City should only use fee revenues for projects that expand the City's ability to deliver the specific type of service (storm drain, water, sewer, or traffic) to accommodate new development. Use of the CIB in this manner documents a reasonable relationship between new development and the use of fee revenues. Programming all fund balances and fees to specific projects also ensures that the City will not violate the statutory limitation against holding undesignated fee revenues longer than five years.

The City should update its facility master plans as its needs change. The City may alter the scope of the planned projects, or substitute new projects as long as the project continues to represent an expansion of the City's general public facility capabilities. If the total cost of all planned projects varies from the total cost used as a basis for the fee, the City should revise the fee accordingly.

Identify Non-fee Revenue Sources

The City should identify non-fee revenue sources necessary to fully fund the CIB (see Chapter 9 for more discussion). The City should take any actions necessary to secure those funds. The City will need to identify the source and timing of these revenues every five years as part of statutory reporting requirements (see *Reporting Requirements*, below).

Inflation Adjustment

The City should adjust the fee annually for inflation in the cost of projects to be funded by the fee. A construction cost index should be based on a reputable and easily identifiable source such as the *Engineering News Record*.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of *Government Code 66000* et seq. Annually the City must identify the fee revenues received and for what purposes they were expended. For facilities to be funded with a combination of impact fees and other revenues, every five years the City must identify the source and amount of the other revenues. The City must also identify when the other revenues are anticipated to be available to fund the project.

9. ADDITIONAL FUNDING SOURCES

The City's *Capital Improvement Budget* (CIB) includes funding sources in addition to revenues from facility fees paid by new development. These funding sources would be used to fully fund the CIB and would not be used to reduce the obligation of new development to pay facility fees. These additional funding sources include:

- ◆ **Existing facility fee fund balances:** These fund balances were accumulated from prior unspent facility fees. These funds are in separate restricted accounts for the City's storm drain, water, sewer, and traffic facilities fees. These existing fund balances must remain in their restricted accounts and can only be used to fund the types of facilities identified in this report.
- ◆ **Grants:** These revenues include federal, state, and local grants, regional agency contributions, and developer exactions. The grants have either been awarded or applied for but not awarded.
- ◆ **Transfers:** Transfers from the City's General Fund for primarily to subsidize facilities fees on specific projects as an economic development incentive.
- ◆ **Other Sources To Be Identified:** The City will need to identify additional revenue sources to fully fund the CIB through the 2038 planning horizon. These additional sources could include, for example, additional grants or General Fund transfers, voter approved taxes, charges, or assessments, and utility charges. These funding sources are explained in more detail below.

The following sections summarize the potential alternative funding sources and financing mechanisms available for both capital and operating and maintenance expenses in addition to development impact fees.

General and Special Taxes

The California Constitution distinguishes between general taxes and special taxes. General taxes, those taxes whose revenues are used for general governmental purposes, require a majority approval by voters to institute or increase. The resulting revenues accrue to a City's General Fund and thus compete with other programs for available dollars. Although future City revenues will grow as the City's population grows, the demands for services will also increase. These demands may limit the ability to dedicate or allocate General Fund revenues to needed capital facilities.

Special taxes are defined as those taxes whose revenues are dedicated to uses specified in the ballot measure adopting the tax. Special taxes require a two-thirds vote of the electorate to implement. Polling indicates that special taxes usually fair better in

elections, even with the higher approval hurdle, because voters prefer to restrict the use of new revenues to desired purposes.

Property Taxes

Until Proposition 13 passed in 1978, property tax was the main source of revenue for local governments. Proposition 13 froze property taxes for homeowners at their 1976 level and limited the increase to no more than 2 percent annually. As properties re-sell, the new property tax can be no more than 1 percent of the acquisition value, and then cannot increase more than 2 percent annually.

In 1986, voters approved an amendment to Proposition 13 to permit property tax rate increases above the one percent level with two-third-voter approval, but only to support general obligation bonds. These bonds are one of the lowest cost sources of public financing because their reliance on property tax revenue makes them highly secure investments. General obligation bonds can only be used for capital facilities or land acquisition costs and not for maintenance or operations.

Parcel Taxes

Parcel taxes are levied as a flat rate on each parcel of land regardless of property value. Different rates may apply to broad categories of land uses such as single-family residential, multi-family residential, and nonresidential. Under Proposition 13 parcel taxes are considered to be special taxes requiring approval by two-thirds of voters.

Excise Taxes

An excise tax is an “activity tax” levied on the availability or privilege of using certain services or facilities and is not levied on property. The primary purpose of an excise tax is to raise revenue and not to regulate. Excise taxes are levied as a percent of the transaction value. Examples of excise taxes and the types of transactions upon which the tax is levied are listed below:

- ◆ Admissions tax (theater tickets charges)
- ◆ Construction tax (construction value)
- ◆ Parking tax (parking charges)
- ◆ Payroll tax (payroll amount)
- ◆ Property transfer tax (real estate sales)
- ◆ Sales tax (retail transactions)
- ◆ Transient occupancy tax (hotel and motel room charges)
- ◆ Utility user’s tax (utility bills)

An excise tax may be either a special or a general purpose tax depending on whether or not revenues are dedicated to specified uses, as discussed above.

Assessments

Assessments are charges levied against real property by cities and counties to finance the construction or maintenance of public improvements. Assessments must be levied in proportion to the special benefit received by the property from the facilities or services funded by the assessment. Special benefit to the assessed property must be in addition to general benefits available to the public at large. The need to demonstrate a special benefit to the property, and to charge in proportion to the special benefit received, distinguishes assessments from taxes (the latter does not have these restrictions).

There are many different enabling acts in state law that allow local government to form a variety of assessment districts, each with its own restriction on the types of public services and facilities that can be funded. Many districts can issue bonds to fund capital facilities with repayment secured by the assessment.

With passage of Proposition 218 assessments must now be approved by a majority vote of property owners that would pay the assessment. Votes are weighted by the amount of the assessment assigned to each parcel. Most assessment districts are formed as part of the development process with the developer agreeing to place the assessment on the property in return for public financing of needed infrastructure. In addition, with increasing service demands combined with constraints on local government revenues, many agencies have received voter approval from existing residents and businesses for assessments to fund facilities and services.

Property-related Fees and Charges

Property-related fees and charges as defined by Proposition 218 are levied against real property as an incident of property ownership. Primary examples include charges for utility services including solid waste collection, storm drain, water, and wastewater. Revenues can only be used for the purpose for which the fee or charge was imposed. The fee or charge for a property must not be any greater than the cost of the service to that property. Fees can only be charged for those services readily available to the property and cannot be charged for potential future use (“standby” charges).

With several exceptions, Proposition 218 requires that property-related fees and charges be approved by a majority of property owners. There is no weighting of votes based on the projected amount of the charge as there is with special assessments, described above. The exceptions to the voter requirement are for water, wastewater, and solid waste collection charges. Thus, storm drain is a key property-related service that must have any fees or charges approved by property owner vote. Electric service is exempt under Proposition 218 from any of these requirements.

Community Facilities District Special Tax (Mello-Roos)

A Community Facilities District (CFD) special tax (also known as a “Mello Roos” tax) is a special tax levied on properties in a CFD to pay for public facilities and services that benefit district properties. CFD special taxes can be used for a wide range of facilities and services, including parks, schools, police, and fire services. CFD special tax revenues can either fund operating and maintenance activities, or be used to secure bonds for capital facilities. As a special tax the amount paid by a property does not have to coincide with benefits received or cost of service, like an assessment or a property-related fee or charge.

Approval of a CFD requires an election of two thirds of the registered voters in the designated area. However, the majority of districts to date have been formed under a provision that permits approval by the owners of two-thirds of the land if the district contains less than 12 voters. As with assessment districts, to facilitate new development these CFD districts are formed as part of the development process with the developer agreeing to place the special tax on the property in return for public financing of needed infrastructure.

Land and Public Facility Dedications

Dedications are imposed on developers by either cities or counties for the privilege of developing land in the jurisdiction. Dedications may be set by ordinance, such as a parkland dedication ordinance, or negotiated on a project-by-project basis based on adopted subdivision standards. It is common for developers to dedicate rights-of-way for land needed for public improvements such as streets, parks, and utility corridors. Developers may also build facilities designed to meet public engineering standards, such as roads or park improvements, and dedicate the facility to the local agency. In any case the dedication must have a reasonable relationship, or “nexus”, to the impacts of the development project.

Dedications can be used as a partial alternative to, or in combination with, impact fees. For example, a developer can be required to construct an “oversized” road to accommodate future growth. The fees generated from future development can be used to pay back the developer for all or a portion of the oversizing.

Development Agreements

A development agreement offers a means to overcome the “nexus” requirement of dedications and exactions. As a contract between the jurisdiction and a developer, there is more flexibility in imposing dedications and exactions where no strong nexus can be shown. Development agreements between public agencies and developers provide developers with assurance that the land use regulations for a project will not be changed in the future, and specify the commitments of both the public and private sector parties

to financing, impact mitigation, phasing and other elements of the development program.

Grants/Other Governmental Sources

There are a variety of grant programs and other funding sources available to fund facilities. Most of these programs experience a great deal of competition. **Tables 9.1 and 9.2** present current examples of grants that the City of Gilroy has applied for or been awarded.

Table 9.1: Grant Applications Status - Awarded

Fund Source Project	\$ Applied	\$ Awarded	Project Status A - Application D - Design C - Construction	
<u>TRANSPORTATION DEVELOPMENT ACT - TIER 1 (VTA)</u> Uvas Trail extensions to Sports Park	\$363,000	\$363,000	D	Awarded 2000/2001. In design.
<u>HISTORICAL PROJECT FUNDING GRANT - SANTA CLARA COUNTY</u> Historical Gilroy Museum: renovation and public access (elevator for ADA access)	\$75,000	\$43,000	D	Approved June 2003. In design.
<u>SAFE NEIGHBORHOOD PARKS, CLEAN WATER, CLEAN AIR AND COASTAL PROTECTION</u> Playground Renovation: Forest Street Park Major Playground Renovation Oaks Playground Renovation at Las Animas Veterans Park	\$364,000	\$364,000	D	Submitted application June 2003. In design.
<u>CALIFORNIA PARKS BOND 2000</u> Gilroy Sports Park Community Center	\$400,000	\$377,600	A	Gym was ineligible project for grant. Sports Park Community Center selected as eligible project.
<u>LOCAL STREETS & COUNTY ROADS (LS&CR) (VTA)</u> Gilman Road-Arroyo Circle Arroyo Improvements Uvas Park Drive Roadway Extension First Street / HWY 152 Roadway Widening Farrell Avenue Bridge Widening Citywide Sidewalk Improvements Citywide Class II and III Bicycle Route Improvements	\$5,605,000 1,774,000 929,000 1,174,000 1,450,000 <u>564,000</u>	NA	*	Projects incorporated in VTA's VTP 2030 - Valley Transportation Plan 2030 - planning document, as projects eligible for future funding, when available. Another grant application will need to be submitted for construction when a future "call for projects" is solicited.
Please Note: "\$ Applied" not included in final total.				
Total Current Fund Awarded	\$12,698,000	\$1,147,600	Difference of \$ 89,400 between "Applied" and "Awarded"	

Source: City of Gilroy; MuniFinancial

Table 9.2: Grant Applications Status - Applied

Fund Source Project	\$	\$	Project Status	
	Applied	Awarded	A - Application	D - Design C - Construction
<u>BICYCLE TRANSPORTATION ACCOUNT (BTA) (CAL TRANS)</u> South Santa Teresa Trail Debell/Uvas Creek Park Trail Ronan Channel Trail & Class III Bike Routes	\$1,800,000 1,662,000 <u>1,800,000</u>	Pending	A	Applications submitted to Caltrans December 2003.
<u>MURRAY-HADEN URBAN PARKS</u> Youth Center Grant	\$2,000,000	Pending	A	Applied in January 2004. Application in review. Grant requires city match.
<u>CALIFORNIA STATE LIBRARY</u> <u>2000 BOND CONSTRUCTION GRANT</u> Gilroy Library: new construction	\$12,700,000	Pending	A	Cycle 3 application submitted January 16, 2004. Application in review. State grant award notice anticipated September/October 2004.
<u>TRANSPORTATION DEVELOPMENT ACT - ARTICLE 3 (VTA)</u> Maintenance of Uvas Trail Class I trail at Uvas and Santa Teresa (under-crossing at Third Street) Class II maintenance	\$121,277	Pending	A	Applications submitted to VTA April 16, 2004. Funds are guaranteed.
Total Current Funds Applied	\$20,083,277			

Source: City of Gilroy; MuniFinancial

Private Sources

The City, either independently or working in concert with a non-profit entity, can solicit donations and grants from private individuals and corporations. Although such grants and donations may not generate large sums, a program to solicit donations and grants will be valuable to create public awareness and involvement in other forms of funding (e.g., special taxes, etc.).

APPENDIX

On the following page is **Table A.1** showing the detailed calculations used to develop nonresidential build out projections based on the *General Plan* for purposes of the traffic facilities fee analysis.

The “high” versus “low” commercial project threshold trip rate was derived by determining the 75th percentile of the commercial land use category trip rates as published by the Institute of Transportation Engineers. All projects at or above the 75th percentile are considered high traffic generating. The 75th percentile used for trip generation corresponds to the low commercial land use allocation of 75 percent as illustrated in **Table A.2**. The 75th percentile creates a clear defining line between low trip generators and those businesses associated with higher traffic volumes.

Table A.3 shows the traffic improvements and cost per trip analysis of *General Plan* traffic improvements with and without development of the 660-acre parcel east of the Gilroy Outlets development. The analysis indicates that the cost per trip remains nearly constant between the two scenarios. This result suggests that reducing capital costs by the same percentage as total trips for the 2038 planning horizon is a reasonable method of determining the share of costs attributable to a 2038 planning horizon.

Following Table A.3 are summary tables from the City’s Capital Improvement Budget (CIB) for 2004 through the planning horizon of 2038. The following funds are included:

- ◆ Storm Drain (Fund 420);
- ◆ Water (Fund 436);
- ◆ Sewer (Fund 435); and
- ◆ Traffic (Fund 433).

Table A.1: Buildout Land Use Estimates

Proj. No.	Name	Acres (gross) ¹	Building Sq. Ft. ¹
<i>Commercial</i>			
<u>Cummulative Projects</u>			
62	North Forest Commercial	NA	60,000
63	Highway 152 Commercial	NA	250,000
67	San Ysidro Commercial	NA	222,000
<u>General Plan Buildout Projects</u>			
74	Denice/Filice Commercial	NA	930,000
75	Machado Commercial	NA	450,000
76	Highway 152 Commercial	NA	450,000
77	South Commercial Area	NA	1,200,000
78	Sports Park Commercial Area	NA	100,000
79	North Central Commercial Area	NA	100,000
<u>Allowance for Neighborhood Commercial Infill</u>			
	SW Corner - 1st & Santa Teresa	NA	50,000
	Benassi	NA	80,000
	1st St- north side btwn Santa Teresa & Westwood	NA	20,000
	1st St East of Kelton	NA	20,000
	NW Quad Neighborhood District	NA	50,000
	Glen Loma Ranch Neighborhood District	NA	75,000
	NE Corner - 1st & Kern	NA	60,000
	SE Corner - 1st & Wren	NA	40,000
	Monterey St South of 10th	NA	110,000
	Monterey St. Welburn - Farrell	NA	20,000
	Monterey St. North of Farrell	NA	40,000
	Buena Vista btwn Monterey & Hwy 101	NA	250,000
	Total Commercial	NA	4,577,000
<i>Industrial</i>			
<u>Cummulative Projects</u>			
66	San Ysidro Industrial	20	369,000
68	Obata Industrial	60	1,108,000
69	Shriners Industrial	NA	500,000
70	North Forest Industrial	30	554,000
<u>General Plan Buildout Projects</u>			
85	Northeast Central Campus Industrial Area	40	738,000
86	North Campus Industrial Area	-	-
87	North Central Light Industrial Area	155	2,861,000
88	Northeast Campus Industrial Area	9	166,000
89	Southpoint Business Park	70	1,292,000
90	South Industrial 152 District	300	5,538,000
91	Central Industrial 152 District	140	2,584,000
92	Machado Industrial	24	443,000
93	Masten Campus Industrial Area	-	-
	Total Industrial Without 660-Acre Parcel	NA	16,153,000
	94 East of Outlets Campus Industrial (660-Ac. Parcel) ^c	390	7,199,000
	Total Industrial With 660-Acre Parcel	NA	23,352,000

¹ Only building square feet were indicated for commercial projects. Except for the Shriners Industrial project, only acres were indicated for industrial projects and these were converted to building square feet using the net-to-gross and floor-area ratio factors shown in Table 3.2

² This is a parcel with a total of 660 acres that is only included for purposes of analyzing the traffic impact fee.

Sources: Hggins Associates, *Citywide Transportation Study*, Appendix C, C-3 through C-6, August 2001; Table 3.2; MuniFinancial.

Table A.2: Commercial Project Threshold Trip Rate

Code	Land Use	Average Evening Peak Hour Rate
<u>Commercial - Low (< 10.75 trips per 1000 sq. ft.)</u>		
890	Fur. Store	0.17
816	Hardware/Paint Store	1.08
760	R & D Center	1.08
770	Bus. Park	1.29
714	Corp. Headquarters	1.39
710	Gen. Office	1.49
750	Office Park	1.50
715	Single Tenant Office	1.72
823	Factory Outlet	2.29
814	Specialty Retail	2.59
841	New Car Sales	2.80
862	Home Imp.	2.87
840	Auto Care	3.38
720	Med.-Dental Office	3.66
820	Shopping Center	3.74
817	Nursery (Garden Center)	3.80
861	Discount Club	3.80
813	Free-Standing Disc.	3.82
870	Apparel Store	3.83
812	Bld. Mat. & Lum. Store	4.04
848	Tire Store	4.12
815	Free-Standing Disc. Store	4.24
863	Elect. Superstore	4.50
864	Toy Superstore	4.99
818	Nursery (wholesale)	5.70
843	Auto Parts Sales	5.98
831	Quality Rest.	7.49
880	Drugstore No Drive-Thru	7.63
854	Disc. Supermarket	9.83
731	Stat Motor Veh. Dep.	9.84
881	Drugstore with Drive-Thru	10.40
<u>Commercial - High => 10.75 trips per 1000 sq. ft.</u>		
832	High Turnover Sit Down Rest.	10.86
850	Super Market	11.52
836	Drinking Place (Bar)	11.54
565	Day Care Cent	13.20
896	Video Rental	13.60
834	Fast Food with Drive-Thru	19.25
833	Fast Food No Drive-Thru	26.15
853	Conv. Market W/Gas Pumps	45.58
912	Drive In Bank	54.77
851	Conv. Market	55.73
845	Gas Station W/Market	96.37

Note: When "commercial - high" projects are located in a shopping center the "commercial - low traffic fee shall apply. "Shopping center" is defined as an integrated group of commercial establishments that is planned and developed as a single project.

Sources: City of Gilroy; MuniFinancial.

Table A.3: Comparison of Transportation System Planned Improvements To Accommodate Growth, 2004 To Build Out

	With 660-Acre Parcel ¹	Without 660-Acre Parcel ¹	Difference (With Vs. Without)	
			Amount	Percent
<i>Traffic Improvement CIB Costs</i>				
Class 41: Personnel Expense	\$ 15,256,000	\$ 15,256,000	\$ -	
Class 42: Materials and Services	6,752,000	6,752,000	-	
Class 43: Capital Outlay ²	<u>276,569,482</u>	<u>249,322,753</u>	<u>27,246,729</u>	
Total Costs	\$ 298,577,482	\$ 271,330,753	\$ 27,246,729	
<i>Traffic Improvement CIB Revenues</i>				
Fund Balance	\$ 2,890,000	\$ 2,890,000	\$ -	
Interest	31,626,000	34,382,000	(2,756,000)	
Transfer From General Fund	5,673,000	5,673,000	-	
Other Revenue	<u>1,817,482</u>	<u>1,817,482</u>	<u>-</u>	
Total Revenues	\$ 42,006,482	\$ 44,762,482	\$ (2,756,000)	
Net Cost	\$ 256,571,000	\$ 226,568,271	\$ 30,002,729	11.7%
Total Trips, 2004 To Build out	32,283	32,283		
Deduct Trips For 660-acre Parcel ³	<u>NA</u>	<u>(4,103)</u>		
Net Trips, 2004 To Build out	32,283	28,180	4,103	12.7%
Cost Per Trip	\$ 7,948	\$ 8,040	\$ (92)	(1.2%)

¹ Transportation facility impacts associated with and without development of 660 acres of campus industrial east of Gilroy Outlets.

² Based on build out land use scenario. Excludes approximately \$2 million for existing deficiencies.

³ General industrial trip rate applied to estimated building square feet (see Tables 7.1 and A.1).

Sources: City of Gilroy *Capital Improvement Budget*, Fund 433; Tables 7.1, 7.2, and A.1; MuniFinancial.

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
STORM DRAIN DEVELOPMENT FUND	FUND 420
PROJECTS	"BUILDOUT" TOTAL
REVENUE	
Balance Forward	879,734
Yearly Revenue	1,725,393
Interest	2,973,893
Transfer from General	119,555
Transfer from General for Economic Incentives	119,555
Total Yearly Revenue	4,818,841
Total Revenue	5,698,575
EXPENDITURE	
Class 42 - Materials and Services:	
4211 Audit Services:	23,823
4215 Contractual Services:	10
GIS System	271,412
Storm Drain Master Plan	740,453
Predesign / Project Mgmt	157,865
Total Contractual Services	1,169,740
Class 42 - Materials and Services:	1,193,563
Class 43 - Capital Outlay:	
4340 Improvements:	
Reimbursements	4,600,174
Other	235,174
1 Third Street	
2 Third Street	
3 190' w/o Santa Teresa Drive	
4 Santa Teresa Drive	
5 Third Street	
6 Property Line 280' s/o 4th Street	
7 Property Line 280' s/o 4th Street	
8 Miller Avenue	
9 Fifth Street	
10 Princevalle Street	
11 Fifth Street	
12 Rosanna Street	
13 Rosanna Street	
14 Rosanna Street	
15 Rosanna Street	
16 Rosanna Street	
17 Princevalle Channel Easement	
18 Princevalle Channel Easement	
19 Princevalle Channel Easement	
20 Princevalle Channel Easement	
21 Princevalle Channel Easement	
22 Princevalle Channel Easement	
23 Princevalle Channel Easement	
24 Princevalle Channel Easement	
25 Princevalle Channel Easement	
26 Alexander Street	
27 Banes Lane	
28 Chestnut Street	
29 Southside Drive	
30 Southside Drive	
31 Westwood Drive	
32 Kern Avenue	
33 Kern Avenue	
34 Kern Avenue	
35 Wren Avenue	
36 Wren Avenue	
37 Wren Avenue	
38 Sherwood Drive	
39 El Cerito Way	

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
STORM DRAIN DEVELOPMENT FUND	FUND 420
PROJECTS	"BUILDOUT" TOTAL
41 Monterey Street	
42 Monterey Street	
43 First Street	
44 Sargent Street	
45 Broadway	
46 Broadway	
47 Church Street	
48 Second Street	
49 Monterey Street	
50 First Street Ext.	
52 Murray Road Extension	463,000
53 Las Animas	1,430,000
54 Forest St. Extension	1,129,000
55 Forest St. Extension	1,343,000
Class 44 - Transfers:	
4455 Overhead Charges:	
Overhead Charges to Gen. (1.75%)	101,392
Total Expenditure	5,793,737
Total Fund 420	5,895,129

CAPITAL IMPROVEMENT BUDGET SUMMARY			
2003 - 2038			
WATER DEVELOPMENT FUND		FUND 436	
PROJECTS		"BUILDOUT" TOTAL	
REVENUE			
Balance Forward		-1,019,597	
Yearly Revenue		46,173,326	
Interest		3,967,595	
Transfer from General		380,289	
Transfer from General for Economic Incentives		380,289	
Other Revenue		4,320,000	
Well No. 10-1 W1-2 Bond		2,160,000	
Well No. 11-1 W1-3 Bond		2,160,000	
5.3 Million Gal Reservoir (CEC Grant)			
5.3 Million Gal Res R1-2			
Total Yearly Revenue		54,841,210	
Total Revenue		53,821,613	
EXPENDITURE			
Class 42 - Materials and Services:			
4211 Audit Services:		134,737	
4215 Contractual Services:		9,195	
GIS System [3400]		271,376	
Master Plan Update [3420]		4,291,898	
Predesign / Project Mgmt [3460]		337,810	
Total Contractual Services		4,910,279	
Class 42 - Materials and Services:		5,045,016	
Class 43 - Capital Outlay:			
4310 Land:			
Well 9-1 W1-1		214,000	
Well 10-1 W1-2		214,000	
Well 11-1 W1-3		214,000	
Well 12-1 W1-4		214,000	
Well 13-1 W1-5		214,000	
Well 14-1 W1-6		214,000	
Well 15-1 W1-7		214,000	
Well 16-1 W1-8		214,000	
5.5 Million Gal Res R1-G			
6 Million Gal Res R1-H T1-1		1,000,000	
Total Land		2,712,000	
4340 Improvements:			
Reimbursements		3,978,893	
Other			
Other		93,893	
18 Santa Teresa Blvd. P1-1 24		556,000	
19 Alder Road Ext. P1-2 16		163,000	
20 Mesa Road P1-3 12			
21 Mesa Road P1-4 12			
22 Mesa Road P1-5A 16		96,000	
23 Mesa Road P1-5B 16/36		315,000	
24 Bolsa Road P1-6 16		119,000	
25 Bolsa Road Ext. P1-7A 12			
26 Bolsa Road Ext. P1-7B 12/32		227,000	
27 Southside Drive P1-8 16		75,000	
28 Camino Arroyo Ext. P1-9 16		114,000	
29 Camino Arroyo Ext. P1-10 16		99,000	
30 East Luchessa Avenue P1-11 16		142,000	
31 Gilman Road P1-12 16		105,000	
32 New Loop P1-13 16		194,000	
33 Leavesley Road P1-14 16		79,000	
34 City Limit Boundary P1-15 12			
35 Las Animas Avenue P1-16 12			
36 Monterey Street P1-17 16		45,000	
37 Monterey Street P1-18 12			

CAPITAL IMPROVEMENT BUDGET SUMMARY		
WATER DEVELOPMENT FUND		FUND 436
PROJECTS		"BUILDOUT" TOTAL
38 Monterey Street	P1-19 12	
39 Monterey Street	P1-20 12	
40 Wren Avenue	P1-21 12	
41 Wren Avenue	P1-22 12	
42 Wren Avenue	P1-23 12	
43 Wren Avenue	P1-24 12	
44 Wren Avenue	P1-25 12	
45 Wren Avenue	P1-26 12	
46 US Hwy 101 Frontage	P1-27 12	
47 US Hwy 101 Frontage	P1-28 12	
48 US Hwy 101 Frontage	P1-29 12	
49 North UGB	P1-30A 12	
50 North UGB	P1-30B 12/32	227,000
51 North UGB	P1-31 12	
52 2400' s/o north UGB	P1-32A 12	
53 2400' s/o north UGB	P1-32B 12/32	227,000
54 2400' s/o north UGB	P1-33 12	
55 Buena Vista Ave. Ext.	P1-34 12	
56 Buena Vista Ave. Ext.	P1-35A 12	
57 Buena Vista Avenue	P1-35B 12/32	227,000
58 Buena Vista Avenue	P1-36 12	
59 Cohansey Ave. Ext.	P1-37 16	78,000
60 Cohansey Ave. Ext.	P1-38A 16	94,000
61 Cohansey Avenue	P1-38B 16/36	252,000
62 Cohansey Avenue	P1-39 12	
63 Santa Teresa Blvd.	P1-40 16	29,000
64 Santa Teresa Blvd.	P1-41 12	
65 Vickery Avenue	P1-42 12	
66 Kern Avenue	P1-43A 12	
67 Kern Avenue	P1-43B 12/32	65,000
68 Kern Avenue	P1-44 12	125,000
69 1450' w/o Santa Teresa Blvd.	P1-45 16	232,000
70 New Loop	P1-46 12	
71 Deer Park and Rancho Hills II	Propose 12	
Sport Park Water Main Extension		450,000
		2038-2039
POPULATION		
Average Day Demand (MGD)	180	
Maximum Day Demand(MGD)	2.3	
Peak Hour Demand(MGD)	3.5	
Highest Production Well(MGD)	2.6	
Water Supply Capacity (MGD)		
Added Water Supply Capacity (MGD)		80,426.0
Water Supply Needs (MGD)		12.5
Develop Well 9-1 W1-1		2,160,000
Develop Well 10-1 W1-2		2,160,000
Develop Well 11-1 W1-3		2,160,000
Develop Well 12-1 W1-4		2,160,000
Develop Well 13-1 W1-5		2,160,000
Develop Well 14-1 W1-6		2,160,000
Develop Well 15-1 W1-7		2,160,000
Develop Well 16-1 W1-8		2,160,000
		2038-2039
POPULATION		
Average Day Demand (MGD)	180	
Maximum Day Demand(MGD)	2.3	
Peak Hour Demand(MGD)	3.5	
Operational Storage(MG)	25.0%	
Fire Flow (MG)	0.9 100.0%	
Emergency Storage (MG)	25.0%	
Water Storage Capacity (MG)		20,260.0
Added Water Storage Capacity (MG)		
Water Storage Needs (MG)		
5.3 Million Gal Res R1-G		176,815
5.3 Million Gal Res R1-H T1-1		6,840,000
Total Improvements		28,725,708

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
WATER DEVELOPMENT FUND	FUND 436
PROJECTS	"BUILDOUT" TOTAL
Total Class 43 - Capital Outlay	31,437,708
Class 44 - Transfers:	
4455 Overhead Charges:	
Overhead Charges to Gen. (1.75%)	638,448
Class 45 - Other Charges:	
4510 Bond Redemption:	
Loan Payments	7,970,520
Total Expenditure	44,453,244
Total Fund 436	45,091,692

CAPITAL IMPROVEMENT BUDGET SUMMARY		
SEWER DEVELOPMENT FUND		2003 - 2038
		FUND 435
PROJECTS	"BUILDOUT" TOTAL	
REVENUE		
Balance Forward		6,933,702
Collateralized Reserves		41,367,577
Net		282,458,872
Yearly Revenue		113,566,334
Interest		14,127,544
Transfer from General		2,239,816
Transfer from General for Economic Incentives		2,239,816
Total Yearly Revenue		129,933,694
Total Revenue		136,867,396
EXPENDITURE		
Class 42 - Materials and Services:		
4211 Audit Services:		161,100
4215 Contractual Services:		9,467
GIS System		271,376
Master Plan Update		988,898
Predesign / Project Mgmt		238,043
Total Contractual Services		1,507,784
Class 42 - Materials and Services:		1,668,884
Class 43 - Capital Outlay:		
4340 Improvements:		
Reimbursements		2,889,784
22 MH - Gilroy Relief	Segment 18-19A	18,100
23 MH - Gilroy Relief	Segment 18-19	171,000
24 MH - Gilroy Relief	Segment 18-19B	196,600
25 MH - Gilroy Relief	Segment 18-19C	67,100
26 MH - Gilroy Relief	Segment 18-19D	848,584
27 MH - Gilroy Relief	Segment 19-20A	330,550
28 MH - Gilroy Relief	Segment 19-20B	155,050
29 MH - Gilroy Relief	Segment 19-20C	162,450
30 MH - Gilroy Relief	Segment 19-20D	165,750
31 MH - Gilroy Relief	Segment 19-20E	61,500
32 MH - Gilroy Relief	Segment 19-20F	59,100
33 MH - Gilroy Relief	Segment 19-20G	58,200
34 MH - Gilroy Relief	Segment 19-20H	23,750
35 MH - Gilroy Relief	Segment 19-20I	180,000
36 MH - Gilroy Relief	Segment 19-20J	178,500
37 MH - Gilroy Relief	Segment 19-20K	116,150
38 MH - Gilroy Relief	Segment 19-20L	97,400
# Monterey/Old Gilroy S-2		31,000
# Seventh S-1a		10,300
# Alley (Carmel/Dowdy) S-1b		10,300
6 # Monterey Street	TP-1	263,250
7 # Princevalle Channel Easement	TP-2	494,100
8 # Princevalle Street	TP-3	112,950
9 # Princevalle Street	TP-4	51,750
13 # Tenth Street	UP-1	282,700
14 # Orchard Drive	UP-2	37,950
15 # Greenwich Drive	UP-3	126,500
16 # Yorktown Drive	UP-4	425,400
17 # Hoxett Street and Extension	UP-5	323,400
18 # Uvas Park Drive	UP-6	442,800
Total Improvements		5,502,184
Total Class 43 - Capital Outlay		5,502,184
Class 44 - Transfers:		
4410 Operating Transfers Out:		
2000 Bond Redemption		13,481,843

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
SEWER DEVELOPMENT FUND	FUND 435
PROJECTS	"BUILDOUT" TOTAL
12.75 MGD Plant Capacity:	39,827,660
19.125 MGD Plant Capacity:	49,312,703
Transfer to Sewer	102,622,206
Transfer to SCRWA Construction	27,769,126
Total Operating Transfers Out	130,391,332
4455 Overhead Charges:	
Overhead Charges to Gen. (1.75%)	125,498
Total Class 44 - Transfers	130,516,830
Total Expenditure	137,562,400
Total Fund 435	137,687,898

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
WITHOUT 660 TRAFFIC IMPACT	FUND 433
PROJECTS	"BUILDOUT" TOTAL
REVENUE	
Balance Forward	2,889,943
Yearly Revenue	230,173,628
Interest	34,382,187
Transfer from General	5,672,770
Transfers from General for Economic Incentives	5,672,770
Other Revenue	4,120,000
Bridge, Welburn at Miller Slough (HBRR)	500,000
Bridge, Church at Miller Slough (HBRR)	500,000
Widen Santa Teresa Phase I (VTA)	3,000,000
Transportation Development Act (TDA)	120,000
Total Yearly Revenue	274,348,585
Total Revenue	277,238,528
EXPENDITURE	
Class 41 - Personnel Expense:	
4110 Salaries:	12,337,125
4171 Fringe Benefits:	2,909,682
4179 Uniform & Tool Allowance:	
a. Safety Shoes [200/pr. @2yrs.] KA	4,871
b. Safety Shoes [200/pr. @2yrs.] AA	4,525
4179 Total Uniform & Tool Allowance	9,396
Class 41 - Personnel Expense:	15,256,203
Class 42 - Materials and Services:	
4205 Professional Support:	
a. Seminar and Conference	114,239
b. Traffic periodicals & subscription	4,156
c. ITE DD	10,886
d. License Cert. DD (2) 4yr. \$200/ea	6,141
e. ASCE AB \$180/ea	10,886
f. PTOE Cert. DD (1) 3yr. \$254/ea	15,339
4205 Total Professional Support	161,647
4211 Audit Services:	252,481
4215 Contractual Services:	17,079
GIS System	[33] 271,375
Circulation Element Update	[34] 1,311,050
Predesign / Project Mgmt	[34] 2,528,748
Traffic Monitoring Prog	[37] 2,070,627
Total Contractual Services	6,198,879
4221 Office & Computer Supplies:	139,422
Class 42 - Materials and Services:	6,752,429
Class 43 - Capital Outlay:	
4310 Land:	
Widen Welburn	
Widen Santa Teresa	258,402
Widen Welburn II	1,197,000
Total Land	1,455,402
4340 Improvements:	
Reimbursements	33,575,372
Bridge, Tenth @ Uvas Creek	5,359,250

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
WITHOUT 660 TRAFFIC IMPACT	FUND 433
P R O J E C T S	"BUILDOUT" TOTAL
Intersection, Ballybunion / Santa Teresa	1,365,627
Intersection, Cohansey/Church	379,684
Intersection, Cohansey/Hirosaki	362,954
Intersection, Cohansey/Wren	455,474
Intersection, Gilman / Arroyo Circle	1,249,334
Intersection, Santa Teresa / Club Drive	1,689,929
Intersection, Santa Teresa / Sunrise	1,244,967
Intersection, Tenth/Santa Teresa	1,406,642
Intersection, Third / Santa Teresa	1,345,416
Intersection, Wellington / 152	2,018,530
Intersection, Camino Arroyo / 152	449,124
Intersection/10th Street Interchange Sidewalk Only	496,875
Intersection/Masten / Monterey Rd Improvements	50,000
Intersection, Wren / Third (M11)	517,607
Intersection Wren & First	200,900
Segment/Ph II, Murray to San Ysidro Credits	414,892
Segment/Roadway Ext., Uvas Park from Wren to Laurel	2,166,646
Segment/Roadway Ext., Buena Vista from Santa Teresa to HWY 101	5,511,101
Segment/Roadway Ext., Camino Arroyo (152 South)	2,106,770
Segment/Roadway Ext., Camino Arroyo (Gilman-152)	1,192,206
Segment/Roadway Ext., East Luchessa from Chestnut to Wellington	
Segment/Roadway Widening, West Luchessa from Thomas to Monterey	1,480,098
Segment Leavesley from Arroyo Circle to New Road	2,111,346
Sidewalk/Curb&Gutter	67,301
Bridge, Camino Arroyo at Ronan Channel	4,455,146
Bridge, Tenth @ Uvas Creek	
Bridge, Church at Miller Slough	433,117
Bridge, Welburn at Miller Slough	413,695
Bridge, Santa Teresa @ Uvas	5,211,000
Bridge/Culvert NW Quad Cohansey @ Llagas	1,425,600
Bridge, Farrell at Llagas	1,417,500
Bridge, Luchessa at Uvas Creek	5,741,145
Bridge/Inter. @ Masten - fr E 101 to W 101	4,830,000
Bridge/US 101 Int.Ch., Buena Vista	3,123,750
Bridge @ Wellington acr. Ronan Channel	
Bridge Widen Hecker Pass at Uvas Creek	3,628,800
Bridge @ Southside & Railroad	9,213,027
Bridge/US 101 Interchange, Tenth	1,610,000
Bridge/Box Culvert NW Quad Cohansey @ Llagas Creek	1,425,600
Bridge, Chestnut at Miller Slough	1,073,405
Bridge, Buena Vista across Llagas Creek West of Wren	1,231,200
Bridge, Day Road East at Llagas Creek	899,100
Bridge, Wren at Llagas Creek South of Fitzgerald	843,750
Bridge, Day Road West - West of Santa Teresa	421,875
Bridge, Wellington at Princevalle Channel	1,123,200
Bridge, Camino Arroyo at Princevalle Channel	777,600
Intersection, Ballybunion / Santa Teresa	
Intersection, Cohansey/Church	
Intersection, Cohansey/Hirosaki	
Intersection, Cohansey/Wren	
Intersection, Gilman / Arroyo Circle	
Intersection, Santa Teresa / Club Drive	
Intersection, Santa Teresa / Sunrise	
Intersection, Tenth/Santa Teresa	
Intersection, Third / Santa Teresa	
Intersection, Wellington / 152	
Intersection, Camino Arroyo / 152	
Intersection/10th Street Inter. sidewalk only	
Intersection/Masten/Monterey Rd Imp	
Intersection/First / Church	260,791
Intersection, Luchessa / Princevalle (R7)	646,808
Intersection @ First & Monterey	851,546
Intersection, Church / Sixth (R5)	392,975
Intersection, Wren / Welburn (R9)	449,569
Intersection, Mantelli / Hirasaki	469,702
Intersection, Mantelli / Kern (M7)	452,759

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
WITHOUT 660 TRAFFIC IMPACT	FUND 433
PROJECTS	"BUILDOUT" TOTAL
Intersection, Mantelli / Wren (M6)	635,757
Intersection, Mantelli / Church (M5)	417,812
Intersection, Kern / Welburn (M8)	390,722
Intersection, Kern / First (M9)	412,097
Intersection, Santa Teresa / Thomas	836,720
Intersection, Wren / Third (M11)	
Intersection, Santa Teresa / Fitzgerald (R6)	1,770,141
Intersection, Monterey / Day Rd (R10)	824,123
Intersection, Farrell / Church	389,739
Intersection, Farrell / Wren	395,637
Intersection, Third / Church	391,501
Intersection, Third / Miller	17,825
Intersection, Third / Westwood	17,010
Intersection, Monterey / Masten	1,949,055
Intersection, Monterey / Luchessa	1,123,185
Intersection, Sixth / Wren	274,965
Intersection, Sixth / Miller	19,026
Intersection, Sixth / Chestnut	344,099
Intersection, Luchessa / Chestnut	364,027
Intersection, Luchessa / Thomas	830,937
Intersection, Masten / SB 101 Ramps	1,745,314
Intersection, Masten / NB 101 Ramps	1,377,608
Intersection, Uvas Park / Miller	12,597
Intersection, Tenth / Uvas Park	624,580
Intersection, Uvas Park / Wren	481,909
Intersection, Cohansey / Monterey	860,272
Intersection, Buena Vista/Monterey & Grade Sep.	18,326,368
Intersection, Buena Vista / SB 101 Ramps & Overpass	12,271,721
Intersection, Buena Vista/NB 101 Ramps (Inter. & bridge)	8,140,951
Intersection, Tenth / Luchessa	404,894
Intersection, Buena Vista / Santa Teresa	1,825,294
Intersection, Buena Vista / Wren	1,483,471
Intersection, Buena Vista / Murray	1,312,126
Intersection, Monterey / Thms Sports Cmplx	2,171,002
Intersection @ Camino Arroyo & Holloway	457,083
Intersection @ Las Animas & Monterey	1,578,247
Intersection Leavesley &	405,600
Intersection Leavesley &	1,026,200
Intersection Marcella &	
Intersection Gilman &	87,400
Intersection Camino Arroyo &	1,413,600
Intersection Wellington &	
Intersection Buena Vista &	762,900
Intersection No Name Uno &	1,449,400
Intersection 101 Northbound Terminal	1,043,200
Intersection 101 Southbound Terminal	388,300
Intersection 101 Southbound Terminal	63,700
Intersection Santa Teresa & 152/First St	656,200
Intersection Wren & First	
Segment/Ph II, Murray to San Ysidro Credits	
Segment/Roadway Ext., Uvas Pk fr Wren to Laurel	
Segmt/Rdwy Ext. Buena Vista fr Santa Teresa to Hwy 101	
Segment/Roadway Ext., Camino Arroyo (152 South)	
Segment/Roadway Ext., Camino Arroyo (Gilman-152)	
Segmt/Rdwy Ext., E.Luchessa fr Chestnut to Wellington	
Segmt/Rdwy Widen, W Luchessa fr Thomas to Monterey	
Segment Leavesley from Arroyo Circle to New Road	
Segmt/Rdwy Widen, Santa Teresa I, 1st to Longmeadow (R1)	13,482,337
Segment/Roadway Ext., Mantelli	1,241,466
Segmt/Med Hardscp Imp, Monterey, Luchessa to Hwy 101	860,000
Segment/Roadway Widen, Mantelli (striping only)	20,000
Segmt/Rdwy Widen, Monterey fr Fitzgerald to Ronan	14,982,568
Segmt/Rdwy Widen, Monterey fr Luchessa to Hwy 101	837,367
Segment/Santa Teresa - from Fitzgerald to First Street	21,410,472
Segment/Santa Teresa - from First to HWY 101	17,665,938
Segment Fitzgerald from Santa Teresa to Monterey	1,833,011
Segment Hecker Pass from Santa Teresa to Bonfante	8,526,161

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
WITHOUT 660 TRAFFIC IMPACT	FUND 433
PROJECTS	"BUILDOUT" TOTAL
Segmt/Rdwy Widen, Masten fr Monterey to HWY 101	3,211,937
Segment Gilman from Arroyo Circle to Wellington	
Segmt No Name Uno fr Las Animas to Buena Vista	2,413,142
Segment Pacheco Pass from 101 to City Limit	1,279,200
Segment Wellington from Gilman to Luchessa	
Segmt/Rdwy Widen, Tenth fr Monterey Rd to Alexander	343,845
Segment Hwy 101 from SB offramp to Leavesley	
Segment Hwy 101 from NB offramp to Leavesley	
Segment Hwy 101 from NB offramp to 10th	
Segment Hwy 101 from NB offramp to Monterey	
Segment Hwy 101 from SB offramp to Monterey	1,400,259
TDA Bikeway Improvement	120,000
Total Improvements	247,867,351
Total Class 43 - Capital Outlay	249,322,753
Class 44 - Transfers:	
4455 Overhead Charges:	
Overhead Charges to Gen. (1.75%)	4,748,299
Total Expenditure	271,331,385
Total Fund 433	276,079,684

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
WITH 660 TRAFFIC IMPACT	FUND 433
PROJECTS	"BUILDOUT" TOTAL
REVENUE	
Balance Forward	2,889,943
Yearly Revenue	258,623,868
Interest	31,626,017
Transfer from General	5,672,770
Transfers from General for Economic Incentives	5,672,770
Other Revenue	4,120,000
Bridge, Welburn at Miller Slough (HBRR)	500,000
Bridge, Church at Miller Slough (HBRR)	500,000
Widen Santa Teresa Phase I (VTA)	3,000,000
Transportation Development Act (TDA)	120,000
Total Yearly Revenue	300,042,655
Total Revenue	302,932,598
EXPENDITURE	
Class 41 - Personnel Expense:	
4110 Salaries:	12,337,125
4171 Fringe Benefits:	2,909,682
4179 Uniform & Tool Allowance:	
a. Safety Shoes [200/pr. @2yrs.] DD	4,871
b. Safety Shoes [200/pr. @2yrs.] AB	4,525
4179 Total Uniform & Tool Allowance	9,396
Class 41 - Personnel Expense:	15,256,203
Class 42 - Materials and Services:	
4205 Professional Support:	
a. Seminar and Conference	114,239
b. Traffic periodicals & subscription	4,156
c. ITE KA	10,886
d. License Cert. KA (2) 4yr. \$200/ea	6,141
e. ASCE AA \$180/ea	10,886
f. PTOE Cert. KA (1) 3yr. \$254/ea	15,339
4205 Total Professional Support	161,647
4211 Audit Services:	252,481
4215 Contractual Services:	17,079
GIS System	[33] 271,375
Circulation Element Update	[34] 1,311,050
Predesign / Project Mgmt	[34] 2,528,748
Traffic Monitoring Prog	[37] 2,070,627
Total Contractual Services	6,198,879
4221 Office & Computer Supplies:	139,422
Class 42 - Materials and Services:	6,752,429
Class 43 - Capital Outlay:	
4310 Land:	
Widen Welburn	
Widen Santa Teresa	258,402
Widen Welburn II	1,197,000
Total Land	1,455,402
4340 Improvements:	
Reimbursements	36,538,167
Bridge, Tenth @ Uvas Creek	5,359,250

CAPITAL IMPROVEMENT BUDGET SUMMARY	
2003 - 2038	
WITH 660 TRAFFIC IMPACT	FUND 433
P R O J E C T S	"BUILDOUT" TOTAL
Intersection, Ballybunion / Santa Teresa	1,365,627
Intersection, Cohansey/Church	379,684
Intersection, Cohansey/Hirosaki	362,954
Intersection, Cohansey/Wren	455,474
Intersection, Gilman / Arroyo Circle	1,578,079
Intersection, Santa Teresa / Club Drive	1,689,929
Intersection, Santa Teresa / Sunrise	1,414,169
Intersection, Tenth/Santa Teresa	1,406,642
Intersection, Third / Santa Teresa	1,345,416
Intersection, Wellington / 152	2,616,232
Intersection, Camino Arroyo / 152	1,464,064
Intersection/10th Street Interchange Sidewalk Only	496,875
Intersection/Masten / Monterey Rd Improvements	50,000
Intersection, Wren / Third (M11)	517,607
Intersection Wren & First	200,900
Segment/Ph II, Murray to San Ysidro Credits	414,892
Segment/Roadway Ext., Uvas Park from Wren to Laurel	2,166,646
Segment/Roadway Ext., Buena Vista from Santa Teresa to HWY 101	5,511,101
Segment/Roadway Ext., Camino Arroyo (152 South)	2,292,239
Segment/Roadway Ext., Camino Arroyo (Gilman-152)	1,192,206
Segment/Roadway Ext., East Luchessa from Chestnut to Wellington	666,737
Segment/Roadway Widening, West Luchessa from Thomas to Monterey	1,480,098
Segment Leavesley from Arroyo Circle to New Road	2,111,346
Sidewalk/Curb&Gutter	67,301
Bridge, Camino Arroyo at Ronan Channel	6,412,646
Bridge, Tenth @ Uvas Creek	
Bridge, Church at Miller Slough	433,117
Bridge, Welburn at Miller Slough	413,695
Bridge, Santa Teresa @ Uvas	5,211,000
Bridge/Culvert NW Quad Cohansey @ Llagas	1,425,600
Bridge, Farrell at Llagas	1,417,500
Bridge, Luchessa at Uvas Creek	5,741,145
Bridge/Inter. @ Masten - fr E 101 to W 101	4,830,000
Bridge/US 101 Int.Ch., Buena Vista	3,123,750
Bridge @ Wellington acr. Ronan Channel	4,665,600
Bridge Widen Hecker Pass at Uvas Creek	3,628,800
Bridge @ Southside & Railroad	9,213,027
Bridge/US 101 Interchange, Tenth	3,220,000
Bridge/Box Culvert NW Quad Cohansey @ Llagas Creek	1,425,600
Bridge, Chestnut at Miller Slough	1,073,405
Bridge, Buena Vista across Llagas Creek West of Wren	1,231,200
Bridge, Day Road East at Llagas Creek	899,100
Bridge, Wren at Llagas Creek South of Fitzgerald	843,750
Bridge, Day Road West - West of Santa Teresa	421,875
Bridge, Wellington at Princevalle Channel	1,641,600
Bridge, Camino Arroyo at Princevalle Channel	777,600
Intersection, Ballybunion / Santa Teresa	
Intersection, Cohansey/Church	
Intersection, Cohansey/Hirosaki	
Intersection, Cohansey/Wren	
Intersection, Gilman / Arroyo Circle	
Intersection, Santa Teresa / Club Drive	
Intersection, Santa Teresa / Sunrise	
Intersection, Tenth/Santa Teresa	
Intersection, Third / Santa Teresa	
Intersection, Wellington / 152	
Intersection, Camino Arroyo / 152	
Intersection/10th Street Inter. sidewalk only	
Intersection/Masten/Monterey Rd Imp	
Intersection/First / Church	260,791
Intersection, Luchessa / Princevalle (R7)	646,808
Intersection @ First & Monterey	851,546
Intersection, Church / Sixth (R5)	392,975
Intersection, Wren / Welburn (R9)	449,569
Intersection, Mantelli / Hirasaki	469,702
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Intersection, Santa Teresa / Thomas	836,720
Intersection, Wren / Third (M11)	
Intersection, Santa Teresa / Fitzgerald (R6)	1,770,141
Intersection, Monterey / Day Rd (R10)	824,123
Intersection, Farrell / Church	389,739
Intersection, Farrell / Wren	395,637
Intersection, Third / Church	391,501
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Intersection, Third / Westwood	17,010
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Intersection, Monterey / Luchessa	2,043,929
Intersection, Sixth / Wren	274,965
Intersection, Sixth / Miller	19,026
Intersection, Sixth / Chestnut	344,099
Intersection, Luchessa / Chestnut	364,027
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Intersection, Masten / SB 101 Ramps	1,745,314
Intersection, Masten / NB 101 Ramps	1,377,608
Intersection, Uvas Park / Miller	12,597
Intersection, Tenth / Uvas Park	624,580
Intersection, Uvas Park / Wren	481,909
Intersection, Cohansey / Monterey	860,272
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Intersection, Buena Vista / SB 101 Ramps & Overpass	12,870,472
Intersection, Buena Vista/NB 101 Ramps (Inter. & bridge)	8,359,663
Intersection, Tenth / Luchessa	404,894
Intersection, Buena Vista / Santa Teresa	1,979,595
Intersection, Buena Vista / Wren	1,483,471
Intersection, Buena Vista / Murray	1,312,126
Intersection, Monterey / Thms Sports Cmplx	2,171,002
Intersection @ Camino Arroyo & Holloway	457,083
Intersection @ Las Animas & Monterey	1,578,247
Intersection Leavesley &	1,290,400
Intersection Leavesley &	1,491,600
Intersection Marcella &	1,223,000
Intersection Gilman &	1,319,500
Intersection Camino Arroyo &	1,413,600
Intersection Wellington &	1,036,300
Intersection Buena Vista &	922,900
Intersection No Name Uno &	1,954,700
Intersection 101 Northbound Terminal	1,903,400
Intersection 101 Southbound Terminal	388,300
Intersection 101 Southbound Terminal	63,700
Intersection Santa Teresa & 152/First St	656,200
Intersection Wren & First	
Segment/Ph II, Murray to San Ysidro Credits	
Segment/Roadway Ext., Uvas Pk fr Wren to Laurel	
Segmt/Rdwy Ext. Buena Vista fr Santa Teresa to Hwy 101	
Segment/Roadway Ext., Camino Arroyo (152 South)	
Segment/Roadway Ext., Camino Arroyo (Gilman-152)	
Segmt/Rdwy Ext., E.Luchessa fr Chestnut to Wellington	
Segmt/Rdwy Widen, W Luchessa fr Thomas to Monterey	
Segment Leavesley from Arroyo Circle to New Road	
Segmt/Rdwy Widen, Santa Teresa I, 1st to Longmeadow (R1)	13,482,337
Segment/Roadway Ext., Mantelli	1,241,466
Segmt/Med Hardscp Imp, Monterey, Luchessa to Hwy 101	860,000
Segment/Roadway Widen, Mantelli (striping only)	20,000
Segmt/Rdwy Widen, Monterey fr Fitzgerald to Ronan	14,982,568
Segmt/Rdwy Widen, Monterey fr Luchessa to Hwy 101	837,367
Segment/Santa Teresa - from Fitzgerald to First Street	21,410,472
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Segment Gilman from Arroyo Circle to Wellington	1,319,589
Segmt No Name Uno fr Las Animas to Buena Vista	2,413,142
Segment Pacheco Pass from 101 to City Limit	1,279,200
Segment Wellington from Gilman to Luchessa	1,916,884
Segmt/Rdwy Widen, Tenth fr Monterey Rd to Alexander	343,845
Segment Hwy 101 from SB offramp to Leavesley	1,497,508
Segment Hwy 101 from NB offramp to Leavesley	1,549,648
Segment Hwy 101 from NB offramp to 10th	1,873,248
Segment Hwy 101 from NB offramp to Monterey	1,418,713
Segment Hwy 101 from SB offramp to Monterey	1,400,259
TDA Bikeway Improvement	120,000
Total Improvements	277,416,844
Total Class 43 - Capital Outlay	278,872,246
Class 44 - Transfers:	
4455 Overhead Charges:	
Overhead Charges to Gen. (1.75%)	5,265,416
Total Expenditure	300,880,878
Total Fund 433	306,146,294