

Menlo Park Fire Protection District Emergency Services and Fire Protection Impact Fee Nexus Study



February 2016

Executive Summary

The Menlo Park Fire Protection District (MPFPD) was created in 1916 as an independent Special District. MPFPD provides emergency services consisting of fire protection, prevention, emergency medical, technical rescue, hazardous materials, disaster preparedness and public education, as well as other important, related emergency services. MPFPD provides these services to the Town of Atherton, the Cities of East Palo Alto and Menlo Park and to portions of unincorporated areas of San Mateo County.

New development and the intensification of existing land uses are expected to occur within the MPFPD's service area boundaries over the next few years. The population and employment growth will lead to increased numbers of service calls and will create a need for additional facilities and equipment to maintain MPFPD's level of service. Additionally, new development and intensification of existing land use will likely lead to the construction of taller buildings, increased traffic congestion, and greater service call volume. These changes will result in the need for additional apparatus, new/specialized equipment and further personnel, all of which will require either an expansion or relocation of existing fire stations.

MPFPD has limited funding sources to upgrade or expand existing resources. The primary objective of the proposed Emergency Services and Fire Protection Impact Fee Program is to ensure that new development funds its fair share of the costs of needed capital facilities to serve growth within MPFPD's boundaries. These capital facilities include fire stations and buildings, emergency response vehicles and other fire protection and emergency equipment.

This Emergency Services and Fire Protection Impact Fee Nexus Study provides the necessary technical documentation to support the adoption and implementation of a District-wide Emergency Services and Fire Protection Impact Fee Program that will fund the fire protection capital facilities for the MPFPD. This study demonstrates the relationship, or nexus, between the need for capital facilities to serve new development and the type and amount of impact fees that would ensure new development pays its fair share of capital facilities. The Emergency Services and Fire Protection Impact Fee (Impact Fee) calculated in this study represents the maximum supportable fee burden (the "fair share") that could be charged on new development for which there is a reasonable nexus and proportional relationship. Due to economic and/or policy considerations, the MPFPD may elect to adopt fees that are below the maximum supportable level.

The proposed Impact Fee could be adopted under the authority allowed by Assembly Bill 1600 (the "Mitigation Fee Act"), contained in Section 66000 and subsequent section of the California Government Code as described in **Chapter I** of this study. Assembly Bill 1600 established a process for local governments and districts to formulate, adopt, impose, collect and account for impact fees. Per Assembly Bill 1600, cities hold the legal authority to impose fees on behalf of MPFPD within their city limits. Similarly, San Mateo County has the authority to impose impact fees on its unincorporated areas.

The proposed Impact Fee would be levied on new residential and non-residential development within MPFPD's boundaries. This study presents why capital improvements will be needed to accommodate new development and describes the types of capital improvements to be funded by the fee. The fee computation utilizes the Standards of Cover (SOC) Assessment prepared for the District and presented

to the Board for review in June 2015 to help identify facilities required by new development,¹ the District's current CIP (adopted by the Board of Directors on 6/16/2015), and the MPFPD FY2015-16 budget.

The proposed Impact Fee could be levied on all new development (including the intensification of land use, such as secondary housing units) leading to an increased demand for services. The proposed Impact Fee on residential and non-residential development of various types is summarized in Executive Summary Table S-1, below.

Because future development and fire service costs may vary from the projections in this report due to future events not fully known at this time, implementation of the impact fee includes periodic review and update to assure that the fee amounts and fees collected are sufficient to fund improvements, and that the fees do not exceed new development's proportionate share of the costs. These reviews may require that the amount of the fees be modified.

Table S-1
Summary of Proposed Fire Protection Impact Fee by Land Use
2016 Fire Protection Fee Nexus Study - MPFPD

Land Uses	Rates based on Planned Growth (1)	
Residential Uses		
Base Rate	\$299	per service population
Single Family	\$879	per dwelling unit
Multi Family	\$655	per dwelling unit
2nd Unit	\$655	per dwelling unit
Other Unit Types	\$299	per service population
Non-Residential Uses		
Base Rate	\$173	per employee
Retail	\$433	per 1,000 gross sqft
Hotel	\$347	per 1,000 gross sqft
Office - R&D	\$572	per 1,000 gross sqft
Industrial	\$217	per 1,000 gross sqft
Other Unit Types	\$173	per employee

(1) Allowable fee rates are based on growth as projected by ABAG, Placeworks for Menlo Park; and AECOM for East Palo Alto. See Table 1 for detailed growth projections. Employment is counted as 58% of resident for purposes of study

Sources: AECOM; Placeworks; ABAG; Menlo Park Fire Protection District.

¹ Standards of Cover Assessment, Citygate Associates (June 16, 2015).

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I. Introduction

The Menlo Park Fire Protection District (MPFPD) provides emergency and fire protection services to the Town of Atherton, the Cities of East Palo Alto and Menlo Park, and to portions of unincorporated areas in San Mateo County. This Emergency Services and Fire Protection Impact Fee Nexus Study, also referred to as the “Nexus Study” provides the necessary technical documentation to support the adoption and implementation of a District-wide Emergency Services and Fire Protection Impact Fee Program to ensure that new development funds its fair share of the cost of MPFPD’s fire protection facilities and emergency response vehicles.

A. Organization of the Nexus Study

- **Chapter I** of this study provides an overview of legislative requirements of the Mitigation Fee Act (MFA) and describes the purpose of the proposed Emergency Services and Fire Protection Impact Fee (Impact Fee). It describes the methodology used to calculate the fee and lists the key assumptions and sources for the Nexus Study.
- **Chapter II** describes the relationship between impact fees and demographic data and summarizes population and employment growth projections (expected service population) for areas served by MPFPD and its capital facilities.
- **Chapter III** describes MPFPD fire protection response time service standards, describes MPFPD’s capital improvements needed to serve demand from new development, and estimates new development’s share of the cost of those facilities.
- **Chapter IV** describes the types of development (land use) on which the fee will be imposed and calculates fees for each use.
- **Chapter V** describes program implementation issues, including fee adjustments and credits for in-kind construction and contributions.
- **Chapter VI** summarizes the nexus findings from this study as required by the MFA. The Appendices provide supporting information and calculations for the findings.

B. Overview of Legislative Requirements

Impact fees are governed by the California Government Code Sections 66000-66008, commonly referred to by their 1987 authorizing legislation Assembly Bill 1600 or the title provided by the legislature, “the Mitigation Fee Act (MFA).” The MFA establishes a process for local governments and districts to formulate, adopt, impose, collect and account for impact fees. The Town of Atherton, Cities of East Palo Alto and Menlo Park and San Mateo County (the jurisdictions within the MPFPD boundaries, collectively referred to as Local Agencies in this study) have the legal authority to impose fees on development projects on behalf of the MPFPD within their jurisdictional limits. Each local agency will consider the adoption of the proposed fee.

Under the MFA, an “impact fee” is a monetary exaction (other than a tax or assessment) used to defray all or a portion of the cost of additional public facilities needed to provide service to new development. The MFA stipulates that local governments and districts may only charge fees on new development for which public facilities and improvements are needed and that the amount of the fee must be in reasonable proportion to that need.

In order to adopt the proposed Impact Fee, a “nexus” (or, a reasonable relationship) must be demonstrated between the amount and type of the fee and the need for additional public facilities in order to serve new development. This study provides the necessary documentation for the Local Agencies to adopt the proposed fee, including the following required components:

- Purpose of the fee;
- Description of the use or improvements for which the fee will be used; and
- Demonstration of a reasonable relationship between:
 - Use and the type of development on which the fee is imposed,
 - Need for the public improvements/facilities and the type of new development which will benefit from them, and
 - Amount of the fee and the cost of the public facility attributable to the new development on which the fee is imposed.

The proposed fee will fund fire protection capital facilities that will serve projected growth within the MPFPD boundaries. These capital facilities include fire stations and buildings, fire protection vehicles and other fire protection and emergency equipment for MPFPD (for purposes of this Nexus Study, these capital facilities are collectively referred to as fire protection facilities).

C. Purpose of the Emergency Services and Fire Protection Impact Fee

MPFPD was created in 1916 as an independent Special District that is currently governed by five Board of Directors who are elected and delegate authority to the Fire Chief to manage the organization. MPFPD provides emergency services consisting of fire protection, prevention, emergency medical, technical rescue, hazardous materials, disaster preparedness and public education as well as other important, related emergency services. MPFPD provides these services to the Town of Atherton, the Cities of East Palo Alto and Menlo Park and to portions of unincorporated areas of San Mateo County (see Figure 1, MPFPD service area).

MPFPD has seven stations, which are currently staffed at the minimum levels needed to provide adequate fire services. Based on information provided by MPFPD, the District’s current service level is approximately 0.87 fire safety personnel positions per 1,000 population served and the District’s daily safety front line staffing is comprised of 25 Firefighters and 1 Battalion Chief. MPFPD’s current average response time for the arrival of the first due engine is 6.34 minutes.² In 2013, the Insurance Services Organization (ISO) completed the Public Protection Classification (PPC) survey, which evaluates structure fire suppression capabilities for fire agencies. MPFPD received a Class 2 classification.³ MPFPD’s fire protection facilities are the critical factor to maintain its service standards.

“The Fire District’s deployment system meets the current system demands but is becoming strained, especially east of Highway 101 and needs adjustment soon, as growth occurs. Traffic congestion is also an increasing problem as communities the District protects continue to evolve. The District’s growing employment base and regional post-recession economic recovery is yielding intense traffic congestion at

² Per Standards of Coverage Final Report Executive Summary.

³ Among approximately 47,000 fire agencies nationwide, 61 are designated as Class 1 agencies, 592 are designated as Class 2 agencies and the remaining fire agencies received a Class 3 or higher classification. While MPFPD has not formally adopted the ISO as a standard, it serves as a national measuring tool to evaluate MPFPD’s capabilities.

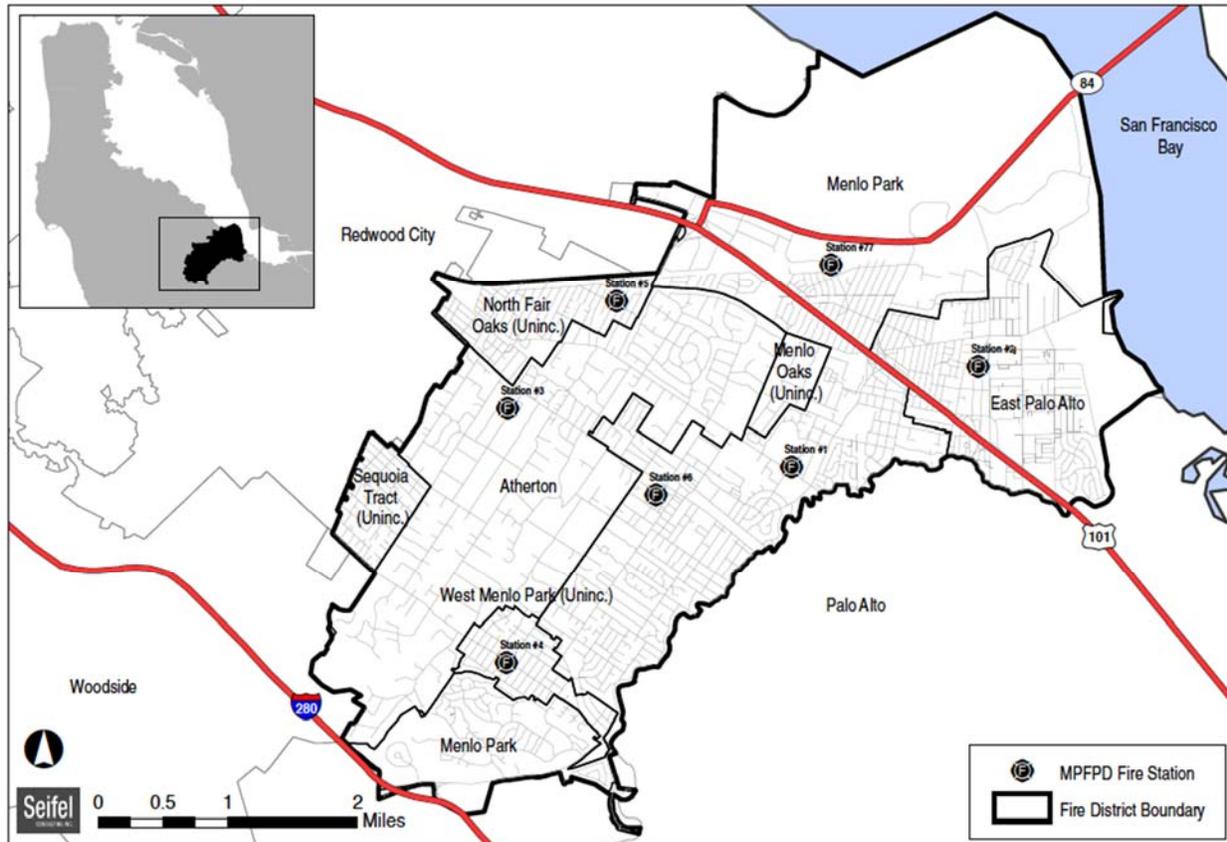
rush hours. The GIS travel time analysis in the Standards of Cover study and prior incident travel time data for the District responses clearly show the substantial hindrance this causes to emergency response travel in the District.”⁴

MPFPD faces operational challenges as a result of ongoing and increasing traffic congestion, most notably along Marsh Road, Willow Road and University Avenue. In order to navigate through congestion during peak hours, MPFPD vehicles drive against the flow of traffic with increasing frequency. Traffic congestion also affects non-emergency operations, decreasing the efficiency of everyday travel for routine activities such as fire prevention inspections, maintenance and supply purchases. In order to provide adequate cover for the entire district, MPFPD re-positions resources to prevent gaps in coverage, however as traffic congestion increases so does the time it takes for reposition apparatus which leads to longer response times. Greater challenges exist when units from the City side (West side of 101) respond to the Bay side (East side of 101).

As described in **Chapter II**, new development and the intensification of existing land uses are expected to occur within the MPFPD boundaries. Population and employment growth will increase service call volume and traffic congestion which will create a need for additional facilities and equipment to maintain MPFPD response time goals and staffing ratios. New development and intensification of existing land use will also result in increased development and the construction of taller buildings. These changes will result in the need for additional apparatus, new and specialized equipment and additional personnel, all of which will require either an expansion or relocation of existing fire stations in order to maintain MPFPD’s current service standards.

⁴ Per Standards of Coverage Final Report section 5.2 Service Demand for 2014

Figure 1
MPPFD Service Area
Emergency Services and Fire Protection Impact Fee Nexus Study
Menlo Park Fire Protection District



MPFPD's capital improvement projects have been funded primarily by the General Fund and Certificates of Participation (COPs). For example, the recent reconstruction of Fire Station 2 and construction of the Administration/Fire Prevention Building were partially funded General Fund and partially funded by the Certificates of Participation. However, these funding sources are not sufficient alone to upgrade or expand fire protection facilities to serve new development.

MPFPD is dependent upon property tax for revenues to the General Fund, which have fluctuated significantly during the past decade. While the annual growth rate of property tax revenues increased annually through FY 2008/09, the recent economic recession slowed the rate of growth to less than 1 percent in fiscal year 2010/2011, according to the adopted Fiscal year 2015/16 MPFPD budget. Although the local economy has significantly recovered in the past two fiscal years, future property tax growth is not guaranteed, as it is dependent upon local economic climate and activity. However, in recent years assessed values have increased more than expected.

MPFPD budgeting philosophy states that ongoing expenditures will be funded by ongoing revenues. Therefore property tax revenues are used to fund ongoing operating expenditures such as salaries and benefits, training, small tools and equipment, maintenance and repair services and supplies, fuel, utilities, insurance, as well as other operating expenses. Property tax revenue depends on economic conditions and has varied over time. The MPFPD has been able to build up reserves in recent years as a result of increased property tax revenue from the recovered economy and strong growth in real estate values. These reserves can help to partially fund capital improvements, including the share of improvement costs attributable to existing development. The use of impact fees equitably allocates a share of new facility costs to new development to help assure the facilities can be provided without adverse impacts on existing residents. New development will also generate the need for additional personnel and increased operating expenditures which are not funded by impact fees. However, to the extent new development results in increased property tax revenues, these revenues can be used to pay, in part, increases in ongoing operating expenditures not covered by an impact fee.

The primary objective of the Emergency Services and Fire Protection Impact Fee Program is to ensure that new development helps to fund the one-time costs of expanding fire protection capital facilities to serve growth within the MPFPD boundaries. These capital facilities include fire stations and buildings, fire protection vehicles and other fire protection and emergency equipment, as further described in **Chapter III**. MPFPD's emergency services are operated and maintained on a district-wide basis to assure consistent level of service to all areas. Thus, it is reasonable to establish an impact fee program that is consistent throughout the MPFPD boundaries, as described further below.

D. Methodology for Emergency Services and Fire Protection Impact Fee Calculation

In order to determine the amount of the impact fee to be charged to new development, MPFPD must determine baseline conditions (existing resident and employee populations) and the total projected new growth in population and employment, and intensification of existing land use within the MPFPD boundaries. The difference between the two reflects the amount of new development on which an impact fee may be levied. The fee methodology creates one fee rate per service population, which equals 100% of population and 58% of employment. This study establishes the nexus between the impacts stemming from new development and the amount of the fee imposed based on the following steps:

- **Step 1** – Estimate existing and expected future levels of population and employee growth, based on data available from Placeworks (a planning consultant for the City of Menlo Park that has provided development, population and employment growth projections to the City), the Association of Bay Area Governments and local jurisdictions.
- **Step 2** – Estimate the service population served based on new development and intensification of use projections. The service population served is the aggregate population that generates demand for MPFPD’s services and is comprised of new residents and new employees that will be served by MPFPD.
- **Step 3** – Establish the new and/or expanded facilities needed by new development and estimate the total capital cost needed to provide these facilities.
- **Step 4** – Determine new development’s fair share of capital costs to maintain fire protection service standards in the future as the population served increases as a result of new development and estimate a base cost per service population rate.
- **Step 5** – Determine the appropriate impact fee level for each development type based on the future population served and new development’s proportionate allocation of the cost of needed facilities and/or improvements.

E. Key Assumptions and Sources

The impact fee calculations are based on a variety of conditions and assumptions regarding growth projections, as well as the inventory and cost of recently constructed fire protection facilities, such as fire stations and buildings, fire protection vehicles, and other fire protection equipment. These assumptions are discussed in detail in later chapters and are summarized below:

- **Growth Projections** – The base year for this study is 2015. The future year is 2035 or a 20-year horizon. The base year and future population and employment for the City of Menlo Park are from the proposed ConnectMenlo General Plan Update. The proposed General Plan Update has been in processing over a year and is scheduled to be considered by the City Council for adoption in August 2016. Therefore, the District believes the proposed land use changes and associated development in General Plan Update represent reasonable assumptions regarding future service population growth in the City of Menlo Park. The City of East Palo Alto’s base year for population and employment is based on ABAG Projections 13 and future population and employment is based on data from the “Development Impact Fee Program Nexus Study” prepared for the City of East Palo Alto by AECOM in 2013. Base year and future population and employment for the Town of Atherton and unincorporated areas of San Mateo County are based on California Department of Finance and ABAG Projections 13.
- **Capital Improvement Program** –The MPFPD’s FY2015-16 Capital Improvement Program includes an annual plan for facilities and equipment needed to serve both existing and future development. Land value and improvement cost of fire stations and buildings are primarily based on the recent land acquisition and construction costs associated with Fire Stations 2 and 6, and the Administration/Fire Prevention Building. Costs of new vehicles and equipment are calculated based on the average replacement costs for the current stock of vehicles and equipment. All figures are presented in constant 2015 dollars.
- **Standards of Cover (SOC)** – The SOC document identifies current and future facilities and equipment needed to serve existing and future development, while achieving its recommended

levels of service. The cost of those facilities and equipment provide the basis for the impact fee calculation.

The analysis presented in this study has been gathered from the most reliable sources available to MPFPD staff. The estimates and projections of current and future information assembled and provided herein are intended solely for the purpose of establishing reasonable estimates for use in this study. While the MPFPD believes these estimates are reasonable and are based on the best available information at the present time, future population, employment, service and facility requirements may vary based on numerous factors not fully known at this time. Implementation of the impact fee will include provisions to review and update the fee in the future in order to adjust for future changes in assumptions every five years.

Some of the costs and calculations shown in this study are rounded. All numbers are expressed in constant 2015 dollars.

II. Growth Projections

Chapter II describes the relationship between impact fees and demographic data, as well as summarizes population and employment growth projections and estimates expected service population served by MPFPD's capital facilities.

A. Relationship between Impact Fees and Demographic Data

Demographic data for existing and projected new development provide the foundation for the computation of impact fees. This section describes the ways in which data presented in this study are used in calculating the Impact Fee.

Demographic data is essential in apportioning the costs of needed services and facilities to future residents and employees. For the purpose of this analysis, existing development is defined as development built as of 2015. Future development is development planned to occur from 2015 onward. For planning and forecasting purposes, the planning horizon for this study is the time period from 2015 through 2035 or a 20-year period, consistent with most general plan planning horizons.

The Impact Fee is calculated using baseline statistics for existing residential and employee population for 2015 and projected residential and employee population in 2035. "Resident Population" is the measure of total population within the MPFPD boundaries. Employee Population refers to existing and projected jobs by location. "Population Served" (or "Service population") is the measure of the aggregate population and employment that will generate demand for the MPFPD services, including all residents in the MPFPD boundaries and those employees who work within the MPFPD boundaries but reside elsewhere. For this study, Service Population is equal to 100% of population and 58% of employees. That is, employees are not assumed to generate as much demand for services as residents given that they only spend a portion of their time in the District working. Demographic data for both residential and employee populations within the MPFPD boundaries in 2015 and 2035 are used to calculate current and projected service demand populations, as further described below.

B. Growth Projections

This section summarizes existing residential population and employment and provides projections of future growth. Estimates of the existing residents and employment and projections of growth are critical assumptions used throughout this study. These estimates and projections are used as the basis for the following:

- 1) Estimating fire protection facilities to accommodate growth;
- 2) Allocating facility costs per unit of development (for fee schedules);and
- 3) Estimating future fee revenues.

MPFPD is anticipated to face significant new development within its boundaries through 2035. In addition to Facebook's recently opened West Campus, additional planned projects include Facebook's planned new development on the TE site and old Prologis Site, the Menlo Gateway project (all east of 101), the Commonwealth Corporate Center project, and downtown development allowed by the Menlo Park Downtown Specific Plan, all located in Menlo Park, and future development at the Ravenswood/Four Corners Plan area in East Palo Alto. Furthermore, the Cities of East Palo Alto and

Menlo Park are working towards the completion of the update of their General Plans that will intensify land use development, especially within the M-2 zoning area in Menlo Park east of Highway 101.

Base year and future residential population and employment for the City of Menlo Park is based on data from the proposed "ConnectMenlo General Plan Update." The proposed General Plan Update for Menlo Park has been in processing over a year and is scheduled to be considered by the City Council for adoption in August 2016. Therefore, the District believes the proposed land use changes and associated development in General Plan Update represent reasonable assumptions regarding future service population growth in the City of Menlo Park. For the City of East Palo Alto, base year is from ABAG Projections 13 and future residential population and employment is based on the "Development Impact Fee Program Nexus Study" prepared for the City of East Palo Alto by AECOM in 2013. For the Town of Atherton and the unincorporated areas of San Mateo County (within the MPFPD boundaries), base year and future residential and employment population is based on ABAG projections.

Residential Growth

Table 1 summarizes the growth of residential population within the MPFPD boundaries between 2015 and 2035. As shown, approximately 26,900 additional persons are expected to reside within the MPFPD boundaries during the planning horizon as a result of new residential development. The City of Menlo Park is estimated to experience the greatest total residential population growth, accounting for nearly 52 percent of all new residents that will be added within the MPFPD boundaries through 2035.

Employment Growth

As shown in **Table 1**, existing employment within the MPFPD boundaries is estimated at 41,000. Based on adjusted 2035 projections, employment is estimated to grow by 25,300 jobs over the planning horizon. The City of Menlo Park is estimated to experience the greatest total employment growth, accounting for nearly 70 percent of all new jobs that will be added within the MPFPD boundaries through 2035.

Table 1
Population and Employment Estimates - 2015 and 2035
2016 Fire Protection Fee Nexus Study - MPFPD

Projections/City-Area	Population				Employment				Service Population (5)			
	2015	2035	Growth	% Inc.	2015	2035	Growth	% Inc.	2015	2035	Growth	% Inc.
Proposed New Projections												
Atherton (1)	7,100	7,700	600	8.5%	2,730	3,080	350	12.8%	8,683	9,486	803	9.2%
East Palo Alto (2)	29,200	37,100	7,900	27.1%	2,920	9,171	6,251	214.1%	30,894	42,419	11,526	37.3%
Menlo Park (3)	32,900	46,860	13,960	42.4%	30,910	48,678	17,768	57.5%	50,828	75,093	24,265	47.7%
Unincorporated San Mateo (4)	18,630	23,054	4,424	23.7%	4,410	5,386	976	22.1%	21,188	26,178	4,990	23.6%
Total District	87,830	114,714	26,884	30.6%	40,970	66,315	25,345	61.9%	111,593	153,177	41,584	37.3%

(1) Population and employment estimates for Atherton are from ABAG Projections 13.

(2) Population and employment estimates for East Palo Alto are from:

"Development Impact Fee Program Nexus Study" prepared for City of East Palo Alto by AECOM (December 12, 2013).

See Table 1, page 16; figures are for entire city with RBD, and adjusted from 2010 to 2035 to 2015 to 2035, on a prorata basis.

Population and employment base year estimates are from ABAG 13.

(3) Population and employment estimates for Menlo Park are from:

"ConnectMenlo General Plan Update" project description, Table 3-2 Existing and Planned 2040 Horizon Year Buildout Projections

Figures have been adjusted for 2015 to 2035, on a prorata basis. From City Council Staff Report 15-149-CC, page 49 of PDF.

(4) Population and employment estimates for the unincorporated areas projections were derived from

ABAG Projections 2013 and CA State Dept. of Finance estimates dated January 1, 2015.

Figures have been reduced on a prorata basis, to 2035 or by 5 years.

(5) Service Population shown equals Population + Employment x 0.58

Sources: AECOM; Placeworks; ABAG; CA Dept of Finance; Menlo Park Fire Protection District.

Summary of Existing and Future Service Population

The previous sections described the existing development within the MPFPD boundaries in 2015 and the projected foreseeable residential population and employment growth through 2035. This section presents estimates of the "Service Population" in 2015 and in 2035. Service Population is a reasonable indicator of facility demand because fire facilities support fire protection services for both residential and non-residential development. As described in **Chapter I**, the impact fee nexus is determined based on new development's fair share of capital costs to maintain MPFPD's existing fire protection service standards in the future as the population served increases as a result of new development.

This nexus study uses a factor (or ratio) of 0.58 employees per resident to calculate the employee component of service population (based on analysis of MPFPD staff hours that were spent on service calls to residential and non-residential property types).⁵ For the purposes of having a common measurement of resident and non-resident employees, the term "resident equivalent" is also used in this study (i.e. an employee is considered to be the equivalent of 0.58 residents).

As shown in **Table 1**, the service population in 2015 is approximately 111,600 with a forecasted increase of approximately 41,600 between 2015 and 2035 or an increase of about 37%.

⁵ Citygate Associates analyzed annual MPFPD staff hours for 2013 and 2014 by incidents and by property use.

III. New Development's Share of Needed Facility, Vehicle and Equipment Costs

Chapter III discusses the MPFPD fire protection service standards, capital improvement costs, and estimates new development's fair share of capital costs to maintain service standards in the future.

Chapter III also describes MPFPD's capital improvements needed to accommodate new development.

A. Existing Fire Facilities

MPFPD currently has seven fire stations, a mechanical repair and water rescue facility, and an administrative office building spread throughout the 33-square mile service area, as shown in **Figure 1** in **Chapter I**. MPFPD's facility distribution averages one Fire Station every 4.7 square miles within the service area. The nearest MPFPD Fire Station to any one MPFPD Fire Station is less than 2 miles away. The quantity, location and proximity of Fire Stations is important as it is a reasonable indicator of MPFPD's ability to serve the district. At a minimum, MPFPD maintains a ratio of three personnel to one fire engine at each of the seven fire stations. In addition, the District staffs a Battalion Chief and a single ladder truck, which is staffed with four personnel. MPFPD is currently staffed at the standard levels needed to provide adequate fire services. MPFPD also staffs approximately 20 support personnel comprised of Administrative personnel, Fleet services and other support related positions.

MPFPD responds to approximately 8,547 incidents in 2015, or about 23.41 incidents per day. Of those incidents, approximately 2.16% were fires, 64.72% were emergency medical service calls (EMS), and 33.12% were other types of incidents.⁶ MPFPD's current average response time for the arrival of the first due engine is 6:34 minutes, while the County's standard and the recommended average response time per the Standards of Coverage report is 7:00 minutes. In 2013, ISO completed the Public Protection Classification (PPC) survey, which evaluates structure fire suppression capabilities for fire agencies. MPFPD received a Class 2 classification.⁷ MPFPD's fire protection facilities vehicle and equipment are the critical factor in meeting service standards and MPFPD will need additional fire protection facilities, vehicles and equipment to accommodate new development to maintain its current service standards.

The following section summarizes the recent SOC document prepared for the MPFPD. The SOC document recommends a response time standard, and identifies facilities and vehicles necessary to serve additional service needs from new development, while maintaining the response time standards.

⁶ Per District's internal incident tracking software: Firehouse.

⁷ Among approximately 47,242 fire agencies nationwide, 61 agencies are designated as Class 1, 592 agencies are designated as Class 2 and the remaining fire agencies received a Class 3 or higher classification. While MPFPD has not formally adopted the ISO as a standard, it does serve as a measuring tool to evaluate MPFPD's capabilities.

B. Fire Protection Service Standards and SOC Report

The SOC study prepared in 2015 for the MPFPD recommended service standards subsequently adopted by the MPFPD:

The goal of first response unit shall be to arrive on the scene of all code 3 emergencies within 7 minutes, 90% of the time from the receipt of the 9-1-1 call in the dispatch center and the goal of multi-unit responses shall be to have all units on scene within eleven minutes from the time of the 9-1-1 call in the dispatch center.⁸

The SOC study also identified a number of improvements that would be necessary to serve demand created by new development. These improvements included the following:

1. To ensure the District can also add other units as needed east of Highway 101, Station #77 should be rebuilt and expanded to accommodate at least two fire crews.⁹ The station currently houses one crew that serves existing development. The Fire Station #77 property is not owned by the District. The rebuilding and expansion of Fire Station #77 will likely require acquisition of property for the new Station.
2. If expansion of Station #77 is not enough to maintain adopted response times, the SOC proposes longer-term that the District should plan to add a reliever unit (e.g., a 2-firefighter Fast Response Rescue Squad) to assist with peak hour incidents inside traffic-congested areas.¹⁰
3. The SOC study also recommended options for adding ladder truck coverage on the east side of Highway 101 to respond to increased demand; this option would add a second front line ladder truck and would require the relocation of the existing ladder truck from Station 1 to provide broader coverage on the west side of Highway 101 which could lead to the expansion of Station #4.¹¹

These improvements have been included by the MPFPD in their Capital Improvement Plan, and a share of the cost of these facilities and apparatus has been allocated proportionately to new development. The following sections describe these improvements and costs in greater detail.

C. Capital Improvement Projects and Use of Fee Revenues

MPFPD has assessed future facility needs to maintain its existing fire protection service standards and has prepared a capital improvement plan including short- and long-term capital improvement projects and the estimated costs associated with these improvements, considering the cumulative impact of new development and intensification of land use projected through 2035. Land values and building improvement costs are primarily based on the recent land acquisition and construction costs associated with Fire Stations 2 and 6 and the Administration/Fire Prevention Building.

⁸ MPFPD Board of Directors Resolution 1818-2015, Meeting Date: 9/15/2015.

⁹ Standards of Cover Volume 2 of 3 Technical Report: Section 7 Next Steps – Short Term Steps #4

¹⁰ Standards of Cover Volume 2 of 3 Technical Report: Section 7 Next Steps – Long Term Steps #2

¹¹ Standards of Cover Volume 1 of 3 Executive Summary: Section 1.4

Table 2 shows the MPFPD’s Capital Improvement Plan (CIP) and **Table 3** identifies the proportionate share of costs for facilities and vehicles attributable to new development.¹² The impact fee is calculated based on the costs attributed to new development, and will be used to fund new development’s proportionate share of the costs of those facilities. Proposed new improvements include the following:

- **New Apparatus** (1 additional ladder truck/quint and 1 smaller apparatus such as a Rescue squad or Heavy rescue vehicle, including equipment) – MPFPD currently has one front line ladder truck. However, MPFPD will require a second ladder truck due to increasing population and the addition of proposed elevated structures. With only one ladder truck, MPFPD would locate the ladder truck near the middle of MPFPD’s service area, which can lead to longer response times. If an emergency required a second ladder truck, a neighboring jurisdiction would provide the second ladder truck through “automatic aid.”¹³ Having two front line ladder trucks would allow MPFPD to strategically place the ladder trucks on the east side and west side of the District at stations located near existing and proposed elevated structures, thus improving response times. A new squad vehicle will help to address increased service demand from incidents related to worsening traffic congestion due to increased employees and residents. These vehicle costs are attributable 100 percent to demand generated by new development.
- **Relocation, Expansion, Remodeling and/or New Construction of Fire Stations** – While MPFPD currently does not have a plan to increase its number of fire stations, most of the existing fire stations will need to be upgraded and/or expanded within the next 25 years due to population growth and building age. MPFPD has identified at least two fire stations (Station #4 and Station #77) which are proposed to be rebuilt and potentially relocated in order to respond to demand from new development and maintain service standards including response times. The costs for these expansions have been allocated 50 percent to new development; the expansions effectively double the capacity of the stations, and the additional capacity is needed for additional vehicles and staff to serve new development.

The total cost of the Capital Improvement Plan from 2015 to 2035 is \$82,089,500. The share of costs attributable to new development is 15% or a total \$12,068,500 as shown in **Table 3**. The allocation factors by project were estimated by District staff and represent the share of each project triggered by planned new Service Population. These costs are allocated to projected service population in the MPFPD to calculate the fee, as described in the following section.

¹² The MPFPD’s CIP was developed using the MPFPD adopted five year CIP plan, the District’s vehicle and apparatus replacement schedule and the 2012 facilities condition assessment developed by CH2Mhill.

¹³ MPFPD has working agreements with the City of Palo Alto Fire Department, the City of Redwood City Fire Department, Woodside Fire District, along with others to provide automatic aid.

Table 2
2015-2035 Capital Improvement Plan Summary - 2015 Dollars
2016 Fire Protection Fee Nexus Study - MPFPD

Capital Improvement Plan Summary- 2015 Forecasted Expenditures									
Facility	2015-16	2016-17	2017-18	2018-19	2019-20	2020-25	2025-30	2030-35	Total
Buildings									
Admin. & Fire Prevention	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Station 1 & Training Facility	\$0	\$75,000	\$250,000	\$3,000,000	\$5,000,000	\$4,678,472	\$0	\$0	\$13,003,500
Station 2	\$4,363,422	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,363,400
Station 3	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000,000	\$5,292,842	\$6,292,800
Station 4	\$0	\$0	\$0	\$0	\$75,000	\$9,993,548	\$0	\$0	\$10,068,500
Station 5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,292,842	\$6,292,800
Station 6	\$1,500,000	\$3,300,000	\$3,300,000	\$1,500,000	\$0	\$0	\$0	\$0	\$9,600,000
Station 77	\$0	\$0	\$0	\$0	\$0	\$0	\$10,068,548	\$0	\$10,068,500
Station 77 Ancillary Bldgs	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000
Subtotal	\$5,863,422	\$3,375,000	\$3,550,000	\$4,500,000	\$5,075,000	\$14,672,020	\$12,068,548	\$11,585,684	\$60,689,500
Apparatus									
Fire Engine	\$595,000	\$0	\$1,190,000	\$1,190,000	\$0	\$1,190,000	\$2,975,000	\$1,190,000	\$8,330,000
Ladder Truck	\$0	\$0	\$0	\$1,700,000	\$0	\$0	\$0	\$3,400,000	\$5,100,000
Ladder Truck (New)	\$0	\$0	\$0	\$1,700,000	\$0	\$0	\$0	\$0	\$1,700,000
Squad (New)	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000	\$0	\$300,000
Patrol Pumper	\$190,000	\$0	\$0	\$200,000	\$0	\$0	\$0	\$390,000	\$780,000
BC Command Vehicle	\$0	\$0	\$0	\$110,000	\$0	\$0	\$110,000	\$110,000	\$330,000
Airboat	\$0	\$0	\$0	\$0	\$80,000	\$0	\$0	\$80,000	\$160,000
Other Vehicles and Equip.	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000	\$1,400,000	\$1,300,000	\$4,700,000
Subtotal	\$985,000	\$200,000	\$1,390,000	\$5,100,000	\$280,000	\$2,190,000	\$4,785,000	\$6,470,000	\$21,400,000
Grand Total	\$6,848,422	\$3,575,000	\$4,940,000	\$9,600,000	\$5,355,000	\$16,862,020	\$16,853,548	\$18,055,684	\$82,089,500

Source: Menlo Park Fire Protection District.

Table 3
Capital Improvements Needed to Service New Development and Cost Allocations
2016 Fire Protection Fee Nexus Study - MPFPD

Facilities	Net Cost to District	Percent of Cost Allocated to New Development	Cost Allocated to New Development	Remaining Portion to be Offset by Other Funding Sources
Admin. & Fire Prevention	\$0	0%	\$0	\$0
Station 1 & Training Facility	\$13,003,500	0%	\$0	\$13,003,500
Station 2	\$4,363,400	0%	\$0	\$4,363,400
Station 3	\$6,292,800	0%	\$0	\$6,292,800
Station 4	\$10,068,500	50%	\$5,034,250	\$5,034,250
Station 5	\$6,292,800	0%	\$0	\$6,292,800
Station 6	\$9,600,000	0%	\$0	\$9,600,000
Station 77	\$10,068,500	50%	\$5,034,250	\$5,034,250
Station 77 Ancillary Bldgs	\$1,000,000	0%	\$0	\$1,000,000
Subtotal	\$60,689,500	17%	\$10,068,500	\$50,621,000
Apparatus & Equipment (# of items)				
Fire Engine (14)	\$8,330,000	0%	\$0	\$8,330,000
Ladder Truck (3)	\$5,100,000	0%	\$0	\$5,100,000
Ladder Truck (1)	\$1,700,000	100%	\$1,700,000	\$0
Squad (1)	\$300,000	100%	\$300,000	\$0
Patrol Pumper (4)	\$780,000	0%	\$0	\$780,000
BC Command Vehicle (3)	\$330,000	0%	\$0	\$330,000
Airboat (2)	\$160,000	0%	\$0	\$160,000
Other Vehicles and Equipment	\$4,700,000	0%	\$0	\$4,700,000
Subtotal	\$21,400,000	9%	\$2,000,000	\$19,400,000
Grand Total	\$82,089,500	15%	\$12,068,500	\$70,021,000

(#) Indicates the quantity to be purchased over the next 20 years which includes replacement per the District's replacement schedule.

Source: Menlo Park Fire Protection District

D. Calculation of Impact Fee

Table 4 shows the resulting fire fee per Service Population, which totals \$298.92 including a 3% administrative charge added to cover costs of annual reporting and periodic updates. **Chapter IV** describes the application of this fee to specific types of land uses.

Table 4
Estimated Fire Impact Fee per Service Population
2016 Fire Protection Fee Nexus Study - MPFPD

Item	Table Ref.	Amount
New Facility Costs associated with New Development	See Table 3	\$12,068,500
Net New Growth Service Population	See Table 1	41,584
New fee based on Facility Costs		\$290.22
Fee Administration	3.0%	\$8.71
New Fire Fee per Service Population		\$298.92

Source: Menlo Park Fire Protection District.

IV. Proposed Emergency Services and Fire Protection Impact Fee

A. Type of Development on Which the Fee Is Imposed

The Emergency Services and Fire Protection Impact Fee (Impact Fee) will be assessed on all types of development within the MPFPD boundaries that results in the addition of new residents and/or jobs, and thereby increases demand on services, as new residents and employees from future development will utilize facilities funded through the Impact Fee. The Impact Fee will be levied on all new development and also on the intensification of land use (such as secondary residential units) that may result in an increased demand for MPFPD's services.

The fee schedule is differentiated between residential and non-residential land use types to reflect the differences in facility need among types of new development, as shown below. Each land use has a density factor¹⁴ that is applied to the base Service Population cost estimated in **Table 4**.

- Residential Development:
 - Single-Family - 2.94 persons per household
 - Multi-Family - 2.19 persons per household
 - Secondary Unit – 2.19 persons per household
 - Other – 1.0 times number of estimated residents (includes mobile homes units, group homes, nursing homes, etc.)
- Non-Residential Development:
 - Retail – 400 sq. ft. per employee or 2.5 employees per 1,000 sq. ft.
 - Hotel – 500 sq. ft. per employee or 2.0 employees per 1,000 sq. ft.
 - Office – R&D – 300 sq. ft. per employee or 3.3 employees per 1,000 sq. ft.
 - Industrial – 800 sq. ft. per employee or .25 employees per 1,000 sq. ft.
 - Other – 1.0 times number of estimated employees for any other non-residential use not included in the above

The need resulting from residential development is based on the number of new residents per unit or persons per household. Projections of the number of new residents are based on estimates of the average person per household for each unit type. The need resulting from non-residential development is based on the number of jobs generated by new development or per 1,000 sq. ft. of building space. Projections of new jobs are based on the estimated number of employees per square foot for each type of non-residential land use within the MPFPD boundaries. The maximum supportable fee for each land use is calculated based on relevant ratios for residents (per unit) for residential uses and based on relevant ratios for employees (per 1,000 square foot) for non-residential uses.

¹⁴ Persons per dwelling unit ratios were calculated using data from the US Census: Table B254. A weighted average of the three communities for each residential type was used. Employee ratios were developed from the review of EPA's 2013 nexus study, MP Bohannon mixed use Project (KMA Housing Need Study), Ravenswood/4 Corners TOD Specific Plan, Bohannon FIA by BAE, Facebook FIA by BAE, and MP Downtown Specific Plan FIA by Strategic Economics.

B. Cost Allocation and Fee Schedule

Capital costs to serve new development will be allocated to individual development projects based on the fee schedule shown in **Table 5**. As described above, the fee is calculated based on the MPFPD capital cost allocated to new development per new persons served, which is then allocated by land use based on the relevant ratios for residential (per unit or resident) and for non-residential (per square foot or employee). The fee for each development is calculated by multiplying the number of units and/or size of development for each land use in the development project to determine the total fee for that project.

MPFPD's emergency services are operated and maintained as a district-wide system. Thus, it is reasonable to establish an impact fee that is consistent throughout the MPFPD boundaries, although new development may occur more intensively in some areas. In essence, each land use pays the same fee regardless of where it is located within the District boundaries.

Table 5 shows the maximum supportable Impact Fee that can be charged based on the methodology and assumptions in this Report.¹⁵ For both residential and non-residential uses, a base rate of \$299 per service population is calculated by taking the total CIP cost attributable to new development (\$12,068,500) and dividing it by the total growth in service population between 2015 and 2035 of 41,458 and then adding 3 percent to the base fee to cover administrative costs of the impact fee program. As these calculations are in 2015 dollars, the District plans to include in the proposed fee program an annual adjustment to the fee amount each year to account for inflation and to maintain the fee's purchasing power over time.

¹⁵ The MPFPD may elect to adopt fees at or below the maximum supportable level based on economic or policy considerations.

Table 5
Proposed Fire Protection Fee Rates by Land Use
2016 Fire Protection Fee Nexus Study - MPFPD

Land Uses	Unit of Measure		Rates based on Planned Growth (1)	
Residential Uses				
Base Rate	1.00	per service population	\$299	per service population
Single Family	2.94	persons per unit	\$879	per dwelling unit
Multi Family	2.19	persons per unit	\$655	per dwelling unit
2nd Unit	2.19	persons per unit	\$655	per dwelling unit
Other Unit Types (2)	1.00	per resident	\$299	per resident
Non-Residential Uses				
Base Rate	0.58	per service population	\$173	per employee
Retail	400	sqft per employee	\$433	per 1,000 gross sqft
Hotel	500	sqft per employee	\$347	per 1,000 gross sqft
Office - R&D	300	sqft per employee	\$572	per 1,000 gross sqft
Industrial	800	sqft per employee	\$217	per 1,000 gross sqft
Other Unit Types (2)	1.00	per employee	\$173	per employee

(1) Allowable fee rates are calculated using growth as projected by ABAG, Placeworks for Menlo Park; and AECOM for East Palo Alto. See Table 1 for detailed growth projections. Employment is .58% of population rate.

(2) For all other units, fee would equal base rate times number of estimated residents/employees.

Sources: AECOM; Placeworks; ABAG; Menlo Park Fire Protection District.

Table 6 shows a comparison of the new proposed rates based on planned growth to the current fees in the City of Palo Alto, which recently adopted a new fire impact fee. Overall, the new proposed fees are slightly lower than those in Palo Alto, except for the proposed industrial fee which is slightly higher.

Table 6
Proposed Fees by Land Use Compared to Palo Alto Fire Impact Fees
2016 Fire Protection Fee Nexus Study - MPFPD

Land Uses	Unit of Measure		Proposed Fees		Palo Alto Fees	MPFPD as % of Palo Alto
Residential Uses						
Base Rate	1.00	per service population	\$299	per service population	NA	NA
Single Family	2.94	persons per unit	\$879	per dwelling unit	\$996	88%
Multi Family	2.19	persons per unit	\$655	per dwelling unit	\$797	82%
2nd Unit	2.19	persons per unit	\$655	per dwelling unit	NA	NA
Other Unit Types	1.00	per service population	\$299	per resident	NA	NA
Non-Residential Uses						
Base Rate	0.58	per service population	\$173	per employee	NA	NA
Retail	400	sqft per employee	\$433	per 1,000 gross sqft	\$560	77%
Hotel	500	sqft per employee	\$347	per 1,000 gross sqft	\$560	62%
Office - R&D	300	sqft per employee	\$572	per 1,000 gross sqft	\$740	77%
Industrial	800	sqft per employee	\$217	per 1,000 gross sqft	\$190	114%
Other Unit Types	1.00	per service population	\$173	per employee	NA	NA

Sources: ABAG; Menlo Park Fire Protection District.

C. Revenue Estimate

Based on the proposed fee levels shown in **Table 5** and the amount of projected development, MPFPD estimates it will receive approximately \$12,068,500 in fee revenue between 2015 and 2035 if the projected rate of development and resident and employee growth occurs.¹⁶ Future fee revenue represents new or intensified development's fair share contribution, consistent with the nexus principles described in this report, toward the anticipated cost of the proposed capital improvement projects included in MPFPD's Capital Improvement Plan which are necessary to maintain fire protection standards as service population increase. The remaining capital improvement costs estimated at \$70,021,000 will need to be funded by other revenue sources such as through contributions from the General Fund, the issuance of COPs or cost efficiencies. Implementation of the impact fee includes periodic review and updates to assure that the fee amounts and fees collected are sufficient to fund improvements, and that the fees do not exceed new development's proportionate share of costs. These reviews may lead to a modification of the fee.

¹⁶ The fee revenue projections are based on the projected number of residents and employees through 2035, and assume that the Impact Fee is adopted at the maximum supportable level. The MPFPD may elect to adopt fees below the maximum supportable level.

V. Program Implementation

The Impact Fee will be collected at the time of building permit issuance in each jurisdiction, along with all other fees charged to new development. As MPFPD does not have the statutory authority to adopt a fee, it must rely on the legislative bodies of the Local Agencies to adopt a new impact fee. Each jurisdiction would then transfer fee revenue to the District. The following items should be addressed during the implementation of the fee.

A. Annual Escalation/Periodic Updates

The facility costs are in 2015 dollars, but every year, construction costs have generally increased (i.e. on average, construction costs have increased by 7.1 percent from 2010 to 2013 – Turner Building Cost Index). To account for this construction cost inflation, impact fees must be adjusted commensurately each year. As an escalation mechanism, impact fees will be automatically increased each year by the change in the San Francisco Construction Cost Index (CCI) as reported in Engineering News Record.

The Nexus Study should be updated every five years to account for changes in the project list, the scope of projects, other funding sources, changes in growth and development, and land use in each jurisdiction. The cost of these regular updates is encapsulated in the 3 percent administrative cost added to the fee rates.

B. Ongoing Administration

The Government Code requires the MPFPD to report certain information to the MPFPD Board and forward a copy to each local jurisdiction every year and update the nexus study and fee calculations every five years. The District must make the following information from the previous fiscal year available within 180 days after the last day of that fiscal year.

A brief description of the type of fees in the account or fund;

- The amount of the fee revenue;
- The beginning and ending balance in the account or fund;
- The amount of the fee collected and the interest earned;
- An identification of each public improvement for which fees were expended and the amount of the expenditures;
- A description of each inter-fund transfer or loan made from the account and when it will be repaid; and
- Identification of any refunds made once it is determined that sufficient monies have been collected to fund all fee-related projects (as needed).

The MPFPD must make this information available for public review and present it at the next regularly scheduled public meeting not less than 15 days after this information is made available to the public. For the 5th year following the first deposit into the account or fund, and every five years thereafter, the

MPFPD must make the following findings with respect to any remaining funds in the fee account, regardless of whether those funds are committed or uncommitted.

- The purpose to which the fee is allocated;
- A reasonable relationship between the fee and the purpose for which it is charged;
- All sources and amounts of funding anticipated to fill any financing shortfalls;
- The approximate dates on which funding is expected to be deposited into the fee account; and
- The nexus study should be updated with new costs, service assessments, facility needs and growth data. If this update results in a new base fee rate, the fee resolutions and ordinances in each jurisdiction should be updated as well.

The five-year report must be made public within 180 days after the end of the MPFPD's fiscal year, and must be reviewed at the next regularly scheduled public meeting. If the MPFPD does not disclose these findings, the law may require that the MPFPD refund the money, on a prorated basis, to the then current-record owners of the development project.

C. Fee Credits or Reimbursements

The MPFPD may provide fee credits to developers who dedicate land and/or construct facilities included in the nexus study and fee program. Fee credits may be provided up to the planned cost of the improvement cited in the MPFPD improvement plan, subject to periodic inflation adjustments or the actual cost paid by the developer, whichever is lower. Prior to approving a credit for work constructed by the developer, the MPFPD shall approve the plans to ensure consistency with the MPFPD's engineering, design, and planning standards. For construction cost overruns, only that amount shown in the applicable MPFPD improvement plan, subject to periodic inflation adjustments, will be credited, unless otherwise determined to be justifiable and unavoidable by the MPFPD. The MPFPD will evaluate the appropriate fee credit or reimbursement based on the value of the dedication or improvement. Fee credits will be determined on a case-by-case basis.

VI. Nexus Findings

This chapter describes the necessary nexus between new development within the MPFPD boundaries and the proposed capital improvements, as required under the MFA (Government Code Section 66000). The MFA requires local governments to document five findings (described below) when adopting an impact fee.

A. Purpose of Fee

The purpose of the Impact Fee is to provide an ongoing funding source for fire protection facilities, vehicles and equipment that serves new development. The proposed fee will help MPFPD fund the costs of fire protection facilities and services for new development within the District boundaries. Section C of **Chapter I** details the purpose of the fee.

B. Use of Fee Revenues

Revenue from the proposed fee will be used to fund fire protection facilities, vehicles and equipment to serve new development, as described in **Chapter III**. All planned facilities will be located within the MPFPD boundaries.

The use of fee revenues is restricted to funding fire protection facilities, vehicles and equipment to serve new development. More specifically, allowable use of fee revenues includes:

- Land to expand existing stations or for new stations;¹⁷
- New development's fair share of the total cost of land for relocation of existing stations (net of funds received from the sale of any land associated with existing stations that are relocated);
- Expansions (additional building square feet) to existing stations;
- New and/or expanded facilities to house administration, support fire prevention and provide for mechanical needs, as well as specialized equipment to support future growth.
- New development's share of the total cost of a relocated station (associated with buildings that are larger than the existing station size);
- Station remodeling and renovations that result in improved service (for example, remodeling to accommodate new apparatus or to improve radio communications);
- Apparatus and vehicles with equipment that expand or upgrade the current fleet (not replacement of existing apparatus or vehicles);
- Equipment that expands or upgrades the current stock of equipment (not replacement of existing equipment);
- Equipment that results in improved service (for example, traffic preemption devices);
- Costs of financing associated with any of the above expenditures;

¹⁷ No additional new stations are currently anticipated by MPFPD, but some stations may require significant upgrading and/or expansion.

- Costs of administering the Emergency Services and Fire Protection Impact Fee Program, including the cost of fee updates and related legal and consultant fees;¹⁸
- Other capital improvements (yet to be determined) that would be needed as the result of new development.

Impact fee revenue is not allowed to be used for annual operating and maintenance or staff costs except administrative costs associated with the fee program. MPFPD has assessed its future facility, vehicle and equipment needs and estimated the cost to maintain existing fire protection service standards as part of its capital improvement planning efforts. MPFPD's preliminary list of long-term capital improvement projects and estimated costs is described in **Chapter III** and shown in **Table 2**. MPFPD will continue to update its Capital Improvement Plan to provide additional details, updated cost estimates, and proposed timing for acquisition of land and construction of facilities.

C. Benefit Relationship

New development and intensification of land use within the MPFPD boundaries will increase the demand for fire protection facilities, vehicles and equipment utilized for district-wide service provision. Revenues from the proposed fee will be used to finance the acquisition of land, construction of fire protection buildings and the purchase of related equipment and vehicles that serve new development. These facilities will contribute to the district-wide network of services accessible to the additional residents and employees associated with new development.

D. Burden Relationship

The need for the proposed fee is based on the projected growth in MPFPD's service population served through 2035 (see **Chapter II**) the fire protection service standards (determined in **Chapter III**) and the Capital Improvement Plan. New development will increase the overall demand for fire facilities, vehicles and equipment. The estimated cost to provide new fire protection facilities is used as the basis to determine how much funding would be required for facilities in order to determine new development's share of these facility costs as described in **Chapter III** and **Chapter IV**.

E. Proportionality

The costs of facilities, vehicles and equipment are allocated proportionately between new and existing development based on the proportionate demand and need for fire protection facility needs, as described in **Chapters III** and **IV**. These costs are similarly allocated between land uses in proportion to their relative demand generation as measured by the population served. Thus, the relationship between the proposed impact fee, new development and the costs of new facilities, vehicles and equipment is reasonable and proportional to the impact or demand generated.

¹⁸ The updates of the impact fee program are periodic reviews, which involve in-depth analysis necessary to fairly balance the burden of costs attributable to new and existing development. This detailed analysis and subsequent setting of fee levels maintains equity in the fee program. Activities related to the comprehensive updates include reviews of the methodology used to calculate fees, updates of project costs, amendments to the program, forecasts for demographic and financial data and reviews of facility standards.

APPENDIX TABLES

Table A-1
Fire Protection Facility Inventory
2016 Fire Protection Fee Nexus Study - MPFPD

Fire Stations/Buildings	City or Town	Land Area (Sq. Ft.)	Building Size (Sq. Ft.)	Date Constructed	Proposed Replacement Completion Year	Proposed Building Size (Sq. Ft.)	Replacement Cost/Sq.Ft. (1 & 2)	2015 Replacement Value @ Proposed Sq. ft.
Admin. & Fire Prevention Offices	Menlo Park	11,230	6,094	2009	2048	7,000	\$219	\$1,533,700
Fire Station 1	Menlo Park	43,158	11,869	1955	2022	14,000	\$839	\$11,746,683
Station 1 Classroom, Gym & Shop	Menlo Park	Included above with Station	2,855	1976	2022	Included above with Station	\$839	na
Station 1 Training Tower	Menlo Park	Included above with Station	2,063	1955	2022	5,586	\$225	\$1,256,850
Fire Station 2	East Palo Alto	24,570	12,562	2015	2016	12,562	\$781	\$9,809,683
Station 2 Communications Bldg.	East Palo Alto	Included above with Station	185	2012	2052	185	\$6,844	\$1,266,130
Fire Station 3	Atherton	11,250	3,600	1997	2033	7,500	\$839	\$6,292,866
Fire Station 4	Menlo Park	22,560	3,969	1949	2025	12,000	\$839	\$10,068,586
Fire Station 5	Menlo Park	7,125	3,200	1997	2035	7,500	\$839	\$6,292,866
Fire Station 6	Menlo Park	15,676	5,303	1953	2018	10,700	\$897	\$9,600,000
Fire Station 77	Menlo Park	43,412	4,400	1996	2030	12,000	\$839	\$10,068,586
Station 77 Mechanics Shop, Washbay, Classroom & Water Rescue Bldgs.	Menlo Park	Included above with Station	9,259	1998	2030	10,000	\$100	\$1,000,000
Total		178,981	65,359			99,033		\$68,935,950

(1) Admin bldg cost replacement estimate based on remodel cost of existing admin bldg., Fire Stations 1, 3, 4, 5, 77 based on average construction costs as detailed in Appendix table A-2, Station 2 based on actual costs and estimated cost to complete the station, Station 6 based on cost estimate provided by design firm, and Station 77 ancillary buildings based on a cost estimate to construct butler style buildings.

(2) The Station 2 Communication Building cost per sq. ft. includes cost of comm. bldg, monopole and surrounding site improvements. The cost per sq. ft. is high due to soft and hard costs being distributed over a smaller sized building.

Source: Menlo Park Fire Protection District

Table A-2
Estimated Construction Costs for Station 2 and 6
2016 Fire Protection Fee Nexus Study - MPFPD

Station #	Land Acquisition Costs	Construction Costs (1)	Total Estimated	Sq. Ft Per Station	Total cost per sq. ft. (2)
2	\$ 1,288,093	\$ 9,809,683	\$11,097,776	12562	\$ 781
6	\$ 1,508,302	\$ 9,600,000	\$11,108,302	10700	\$ 897
Average					\$ 839

(1) Costs associated with the construction of the Station 2 Communication Bldg are not included in the estimate.

(2) Cost per square foot is based on Construction costs only.

Source: Menlo Park Fire Protection District.