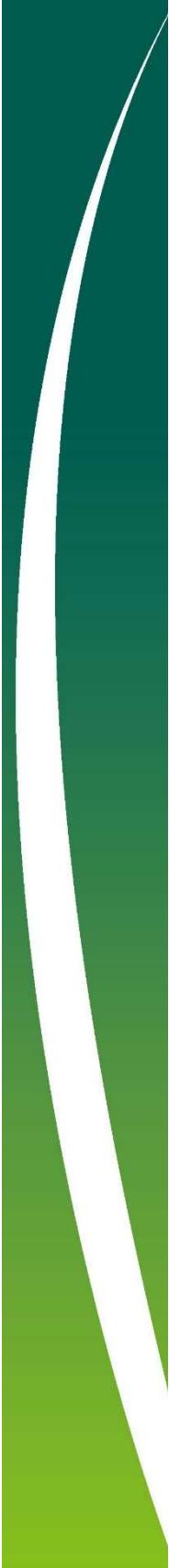


Attachment B

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NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

FIRE IMPACT FEE NEXUS STUDY UPDATE

MARCH 2025
FINAL REPORT

PREPARED FOR:

**BOARD OF DIRECTORS OF THE NORTH COUNTY FIRE
PROTECTION DISTRICT OF MONTEREY COUNTY**

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We want to acknowledge the special efforts made by the following individuals and organizations for this project:

Jess Cortez, North County Fire Protection District of Monterey County
Carolina Bravo, North County Fire Protection District of Monterey County
Monterey County Auditor’s Office
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EXECUTIVE SUMMARY

INTRODUCTION

North County Fire Protection District of Monterey County (“District”) provides first-responder fire protection and emergency response services to the unincorporated communities of Castroville, Elkhorn, Las Lomas, Moss Landing, Oak Hills, Pajaro, Prunedale, and Royal Oaks in northern Monterey County (“County”). Specifically, the District’s services include fire prevention and suppression, emergency medical response and transport; rescue and hazardous materials response.

This Fire Impact Fee Nexus Study Update (“Nexus Study”) was prepared pursuant to the Mitigation Fee Act (“Act”) as found in Government Code § 66000 et seq. The purpose of this Nexus Study is to establish the legal and policy basis for the collection of an updated fire impact fee (“fee”) on new development within the District. The District’s current fire impact fee is supported by the District’s Fire Impact Fee Nexus Study, Final Report, which was approved by the District Board of Directors on May 15, 2018. The purpose of the fee is to fund the one-time cost of expanding the District’s facilities, apparatus, and equipment needed to maintain its existing level of service. No capacity exists to serve new development. If the District’s fire system capacity is not increased to satisfy the additional demand, the quality and responsiveness of the District’s fire protection and emergency response services will deteriorate.

For purposes of this Nexus Study, the term "facilities" or "fire system facilities" will refer to facilities (land, stations, and other buildings), apparatus (engines and other vehicles), and equipment. The term "new development" will generally refer to the persons (residents and employees working in the District) and the structural area (residential area and nonresidential building area) in which the persons live or work.

Under California law, the District lacks land-use authority to impose impact fees on development projects. As the District serves the unincorporated areas of the County, the County Board of Supervisors is responsible for adopting the fire impact fee program and imposing the fees on behalf of the District. The updated fees shall cover the areas outlined in the map provided in Appendix A.

In order to impose such fees, this Nexus Study will demonstrate that a reasonable relationship or "nexus" exists between new development that occurs within the District and the need for fire protection facilities, apparatus, and equipment as a result of new development. More specifically, this Nexus Study will present findings in order to meet the

procedural requirements of the Mitigation Fee Act, also known as AB 1600, which are as follows:

1. Identify the **purpose** of the fee. If the use is funding public facilities, the facilities must be identified. Identifying the public facilities may be a broad class of projects or made by reference to a capital improvement plan, made in applicable general or specific plan requirements, or made in other public documents.
2. Identify the **use** to which the fee is to be put.
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed ("**benefit relationship**").
4. Determine how there is a reasonable relationship between the need for the fire facilities and the type of development project on which the fee is imposed ("**impact relationship**").
5. Determine how there is a reasonable relationship between the amount of the fee and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed ("**rough proportional relationship**").

Additionally, the Act specifies that the fee shall not include costs attributable to existing deficiencies in public facilities but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to refurbish existing facilities to maintain the existing level of service or achieve an adopted level of service that is consistent with the County General Plan.

METHODOLOGY AND APPROACH

To determine the District's fire impact fee consistent with these substantive requirements, this Nexus Study utilizes a system-wide existing facility standard methodology. Under this method, the District's ratio of existing fire protection facilities, apparatus, and equipment to the existing service population establishes the standard for determining new development's fair share of the cost to expand the District's fire system as growth occurs.

The facility standard methodology is a commonly used method for determining fire impact fees. It was validated by the Homebuilders Association of Tulare/Kings Counties, Inc. v. City of Lemoore in 2010. Under this method, identification and use of an existing facility standard and the restricted uses of fee revenue ensure that new development will not fund any existing deficiencies as prohibited by the Act. Instead, only capital improvements and apparatus, vehicle, and equipment purchases that expand the District's fire system are allowable uses of fee revenue. Likewise, the fee program will generate only enough revenue to proportionally expand the fire system to maintain the existing level of service.

The existing facility standard is based on the District's ratio of existing fire protection and emergency response facilities, apparatus, and equipment to the existing service population. Existing development refers to the persons (residents and employees working in the District) and the structural area (residential area and nonresidential building area) in which the persons live or work. Existing development demand is based on the District service call data. The replacement value of the District's existing fire system is determined using the replacement value of the District's existing inventory of fire protection facilities, apparatus, and equipment. These costs are then applied to nine land use categories in proportion to the need they create for fire protection and emergency response services.

The Act requires that in establishing a development impact fee program, the facilities funded by the fee must be identified. However, the Act provides flexibility regarding how that identification may be made.¹ The fee program may identify a broad class of projects¹ or made by reference to a capital improvement plan, made in applicable general or specific plan requirements, or made in other public documents.² This fee program identifies facilities (land, stations, and other buildings), apparatus (engines and other vehicles), and equipment as the broad classes that will be funded with the fee.

The District's capital improvements and apparatus and equipment purchases will benefit the entire fire system. The District's fire protection and emergency response resources are organized as an integrated fire system. The resources of one fire station do not serve a particular area in isolation from the District's other fire stations and resources. When the District has a service call, whether for a fire or other emergency, the District's response often involves resources from multiple fire stations. Likewise, new development in the District's services area is served by all the District facilities, apparatus, and equipment, not just by the nearest fire station.

Additionally, the 2018 Nexus Study also utilized the facility standard methodology, but it relied on a simplified assumption that demand was split equally between population (residents and employees) and structural area (residential or nonresidential). While straightforward, this approach did not account for variations in actual service demand generated by different land uses, potentially resulting in less precise cost allocations.

This Nexus Study Update refines the methodology by incorporating service call data, which provides a more accurate and data-driven basis for determining demand. By analyzing

¹ According to Government Code § 66000(b) and validated by Homebuilders Association of Tulare/Kings Counties, Inc. v. City of Lemoore in 2010.

² According to Gov't Code Section 66001(a)(2).

actual service patterns, the updated approach identifies how different land uses—such as residential, commercial, and industrial—contribute to fire and emergency service needs. This ensures that impact fees are more closely aligned with the real-world demands created by new development.

FEE PROGRAM IMPLEMENTATION

The Nexus Study also details the **procedural requirements** for approval of the Nexus Study and updated fire impact fee program (“fee program”) by the District Board of Directors and adoption by the County Board of Supervisors on behalf of the District. Also, the Act contains specific requirements for the **annual administration** of the fee program. These statutory requirements and other important information regarding the imposition, collection, and transparency of the fee are provided in the last sections of the Nexus Study.

SUMMARY OF KEY FINDINGS

The following key findings from the Nexus Study are presented:

1. Fire impact fees are necessary to ensure that the District can adequately expand its fire protection facilities, apparatus, and equipment needed for the resident and employee growth and new structural area created by new development.
2. The District's fire impact fees, established in 2018, have not been adjusted for cost inflation and are now outdated, making them insufficient to address the impacts of new development.
3. The District's objective is to maintain its existing level of service by establishing a fire impact fee to fund the cost of expanding its facilities, apparatus, and equipment attributable to new development.
4. The District may approve, and the County may adopt on their behalf, the following fees at or below the maximum level determined by this Nexus Study.

FIGURE 1 – MAXIMUM FIRE IMPACT FEE SCHEDULE

Land Use Category	Unit	Maximum Fire Impact Fee
Single Family Housing	BSQFT	\$0.86
Multi-Family Housing	BSQFT	\$1.66
Mobile Home	BSQFT	\$0.88
Accessory Dwelling Unit => 750 sq. ft.	BSQFT	\$0.86
Accessory Dwelling Unit < 750 sq. ft.		--- Exempt ---
Retail / Commercial	BSQFT	\$0.94
Office	BSQFT	\$1.28
Industrial	BSQFT	\$0.84
Warehouse / Distribution	BSQFT	\$0.45
Agriculture	BSQFT	\$0.12

5. Consistent with the nexus requirements of the Act, this Nexus Study demonstrates that there is a reasonable relationship between new development, the amount of the proposed fee, and facilities, apparatus, and equipment funded by the fee.
6. Fee revenue may be used to fund 100% of the cost of new and expanded facilities, 100% of the cost of apparatus, vehicles, and equipment that expand the District's existing inventory, and up to 9.5 percent the replacement cost of apparatus and vehicle purchases.

7. Since only cities and counties have land-use authority to impose development impact fees as a condition of project approval, the District's maximum fee must be adopted by the County on behalf of the District.
8. The maximum fire impact fee determined by this Nexus Study is consistent with the Act, Monterey County Ordinance Code Chapter 10.80 and the policies of the Monterey County General Plan.

SUMMARY OF GENERAL RECOMMENDATIONS

Based on the findings presented in the Nexus Study, the following general recommendations are presented:

1. Since only cities and counties have land use authority to impose development impact fees as a condition of project approval, the District's maximum fee must be adopted by the County on behalf of the District.
2. The District should establish an updated fire impact fee to fairly allocate the costs of providing fire protection facilities, apparatus, and equipment to new development.
3. The District's approved fee should be adopted and implemented in accordance with the applicable provisions of the Act.
4. The District should comply with the annual reporting requirements under Government Code § 66006(b).
5. Following the fifth fiscal year after the first deposit of fee revenue and every five years thereafter, the District should comply with the reporting requirements under Government Code § 66001(d).
6. The cost estimates presented in this Nexus Study are in January 2025 dollars. The fire impact fee should be adjusted annually on the first day of each fiscal year by the previous calendar percentage change in the Engineering News-Record Construction Cost Index (20-Cities), or its successor publication.
7. This Nexus Study and fee program must be updated at least every eight years. The next Nexus Study update is due no later than January 1, 2033.

DETERMINATION OF EXISTING DEVELOPMENT

The District serves both residences and businesses throughout their service area. As such, the demand for the District's fire protection services and associated fire protection facilities, apparatus/vehicles, and equipment is measured by its service population (residents or employees) and the structural area (i.e., living area or nonresidential building area) in which they live or work. This section will first determine the service population and structural area within the District. These figures, along with the District's service call data, will be used to establish an existing facility demand factor for the various residential and nonresidential land uses within the District, which in turn will be used to determine existing development's total facilities demand.

EXISTING SERVICE POPULATION AND STRUCTURAL AREA

The District provides first-responder fire protection and emergency response services to the unincorporated communities of Castroville, Elkhorn, Las Lomas, Moss Landing, Oak Hills, Pajaro, Prunedale, and Royal Oaks in northern Monterey County. A map of the District's services boundaries and the fee program areas is provided in Appendix A.

The District currently serves an estimated resident population of 40,202 and provides fire protection for approximately 12,071 dwelling units, both occupied and vacant. These figures are derived from U.S. Census Bureau, 2023 ACS 5-Year Estimate, for the Castroville, Moss Landing, Oak Hills, Pajaro, Elkhorn, Las Lomas, and Prunedale Census-Designated Places. To account for vacancies, an estimated 7.97% vacancy rate, reported by the California Department of Finance, for unincorporated Monterey County is applied.

The District also serves an estimated 12,071 workers and protects approximately 5.2 million square feet of new nonresidential building area. The estimated number of workers in the District is based on an estimated jobs-to-housing ratio of 1.00. The estimated nonresidential structural area is calculated by multiplying the number of workers by 430 square feet of nonresidential building area for every worker (or 1.78 workers per 1,000 square feet.)

FIGURE 2 – CURRENT RESIDENTIAL DEMOGRAPHICS

Land Use Categories	Total Dwelling Units ¹		Vacant Dwelling Units	Occupied Housing Units $c = a - b$	Dwelling Unit Occupancy Factor ³		Resident Population $e = c * d$
	Calc	a			d		
Single-Family Housing	9,924	791	9,133	3.60	32,879		
Multi-Family Housing	905	72	833	4.73	3,940		
Mobile Home	1,242	99	1,143	2.96	3,383		
Total Residential	12,071	962	11,109	3.62	40,202		

Notes:

¹ From Monterey County Assessor's data as of February 2024.

² Based on an estimated 7.97% vacancy rate.

³ Based on figures from the U.S. Census Bureau, 2023 ACS 5-Year Estimate, for the Castroville, Moss Landing, Oak Hills, Pajaro and Prunedale Census-Designated Places which is found to be representative of the District

RESIDENT EQUIVALENT DEMAND FACTOR

For this Nexus Study, a calls-for-service approach is used to quantify the relative demand for fire facilities from residential and nonresidential land uses. Service call data is analyzed to calculate a resident equivalent demand factor, which compares the service demand generated by a worker to that of a household resident.

As illustrated in Figure 3 on the following page, service call data for calendar years 2022 through 2024 were collected from the District's Emergency Reporting database. Over this period, the District averaged 1,944 annual service calls originating from residential properties and 511 annual service calls from nonresidential properties. Service calls originating from highways, roads, open fields, or other non-classifiable sources are excluded from this analysis.

By dividing the total service calls for residential and nonresidential land uses by the corresponding estimated number of residents and workers, the relative demand per capita is determined. The results indicate that District residents have a baseline demand factor of 1.0, while workers in the District have a slightly lower demand factor of 0.88 relative to residents. This data-driven approach ensures an accurate and equitable allocation of fire facilities demand across land uses.

FIGURE 3 – RESIDENT EQUIVALENT DEMAND FACTOR

	Calc	Residential	Nonresidential
Average Annual Service Calls ¹	a	1,944	511
Residents or Workers ²	b	40,202	12,071
Per Capita Fire Service Demand	c = a / b	0.0484	0.0423
Resident Equivalent Demand Factor	d = c / 0.1177	1.00	0.88

Sources: North County Fire Protection District of Monterey County; SCI Consulting Group

Notes:

¹ Average for 2024, 2023, and 2022 from the District's Emergency Reporting database.

² Estimated existing residents with the District. Workers is based on estimated jobs-to-housing ratio of 1.

EXISTING FIRE FACILITIES EDU DEMAND FACTOR

Next, equivalent dwelling unit (EDU) demand factors are established to compare the relative demand for fire facilities across three residential and five nonresidential land use categories. The EDU metric also serves to convert nonresidential building area into an equivalent residential dwelling unit value. This widely-used approach ensures the cost of fire protection facilities, apparatus, and equipment is equitably distributed between residential and nonresidential land uses.

Figure 4 below illustrates the calculation of EDU demand factors for eight land use categories. Residential land use categories are measured per dwelling unit, while nonresidential categories are measured per 1,000 square feet of building area. The calculation multiplies the occupancy density of each land use category by its respective resident equivalent demand factor, converting the result to a single-family home equivalent. For instance, by this calculation, one single-family home generates the same demand for fire facilities as 620 square feet of retail/commercial building area. This methodology ensures proportional and consistent allocation of fire protection costs across all land use types.

FIGURE 4 – EXISTING FACILITIES EDU DEMAND FACTOR

Land Use Category	Unit	Occupancy Density per Unit ¹	Resident Equivalent Demand Factor ²		Facilities EDU Demand Factor $c = (a * b) / 3.6$ (rounded)
			a	b	
Single-Family Housing	DU	3.60	1.00	1.00	1.00
Multi-Family Housing	DU	4.73	1.00	1.31	
Mobile Home	DU	2.96	1.00	0.82	
Residential	DU	3.61	1.00	1.00	
Retail / Commercial	KBSF	2.56	0.88	0.62	
Office	KBSF	3.47	0.88	0.84	
Industrial	KBSF	2.28	0.88	0.55	
Warehouse / Distribution	KBSF	1.23	0.88	0.30	
Agriculture	KBSF	0.33	0.88	0.08	
Nonresidential	KBSF	1.78	0.88	0.43	

Notes: DU = Dwelling Unit; KBSQ = 1,000 square feet of building area

¹ Residents per unit is based on census data the 2020 U.S. Census American Community Survey 2023 5-Year Estimate for the District. Retail / commercial, office, and industrial density figures are based on the 2001 "Employment Density Study" prepared by The Natelson Company, Inc. for the Southern California Association of Governments expressed in terms of the number of employees per 1,000 square feet of building area.

² See Figure 3.

EXISTING FIRE FACILITIES DEMAND EDUs

Figure 5 below calculates the District's existing demand EDUs based on the total number of dwelling units and estimated nonresidential building area within the District. As shown, the total existing demand EDUs for the District is 14,360. Existing demand EDUs represent the level of existing development served by the District's existing facilities.

FIGURE 5 – EXISTING DEMAND EDUs

Land Use	Unit	Existing Units ¹	Fire Facilities EDU Demand Factor ²	Total Existing Demand EDUs
Calc		a	b	c = a * b
Single Family Housing	DU	9,924	1.00	9,924
Multi-Family Housing	DU	905	1.31	1,186
Mobile Home	DU	1,242	0.82	1,018
Nonresidential	KBSF	5,191	0.43	2,232
Total		17,262		14,360

Notes:

¹ See Figure 2.

² See Figure 4.

DETERMINATION OF EXISTING FIRE SYSTEM FACILITIES

EXISTING FIRE SYSTEM FACILITIES

The next step in determining the District's existing facilities standard is to calculate the replacement value of the District's fire protection and emergency response facilities system. Figure 6 below presents a summary of replacement value (in 2025 dollars) for the District's existing facilities (land and stations), apparatus (engines and other vehicles), and equipment (ancillary and station).

The fire station replacement value is based on a construction cost estimate from the BNI Building News Square Foot Costbook, 2024 Edition, for fire station construction in the greater Watsonville area. The estimated land value is based on market research conducted by SCI Consulting Group for land sales in 2024. The estimated replacement value of the District's apparatus, vehicles, and equipment inventory is based on unit cost assumptions provided by the District. Estimated values of older apparatus have been discounted from the replacement value of the new apparatus to reflect their age. As outlined below, the estimated replacement value of the District's existing fire protection facilities, apparatus, and equipment is approximately \$21.3 million in 2025 dollars. A detailed breakdown of the inventory, including specific items and their estimated replacement values, is provided in Appendix B.

FIGURE 6 – REPLACEMENT VALUE OF EXISTING FIRE SYSTEM FACILITIES

Fee Components	Total Replacement Value (2025\$)
Land	\$428,700
Stations / Other Buildings	\$14,404,456
Apparatus / Vehicles	\$4,628,800
Equipment	\$1,863,000
Total Existing Fire System Facilities	\$21,324,956

Source: North County Fire Protection District of Monterey County; SCI Consulting Group

DETERMINATION OF THE FIRE IMPACT FEE

The Act requires that development impact fees be determined in a way that ensures a reasonable relationship between the need for fire protection facilities, apparatus, and equipment and the type of development project on which the fee is imposed. In this section, the District's existing fire facilities standard is determined and then applied to four residential and three nonresidential land uses categories in proportion to the demand they create as measured by their EDU demand factor.

EXISTING FIRE FACILITIES STANDARD

The District's ratio of existing facilities, apparatus, and equipment to the existing demand establishes the standard for determining new development's fair share of the cost to replace and expand the District's facilities as growth occurs. As shown below, the standard is represented by the existing fire system facilities cost of \$1,485.02 per demand EDU.

FIGURE 7 – FIRE FACILITIES COST PER DEMAND EDU

Existing Fire System Facilities ¹	\$21,324,956
Existing Demand EDUs ²	14,360
Existing Fire Facility Cost Per EDU	\$1,485.02

Notes:

¹ See Figure 4.

² See Figure 3.

RESIDENTIAL FIRE IMPACT FEE

Since residential land uses have varying dwelling unit occupancies and living areas, the residential fire impact fees are expressed on a per-square footage basis for three residential land use categories. The three residential land use categories are defined below.

- **"Single-family housing"** means detached or attached one-family dwelling units;
- **"Multi-family housing"** means buildings or structures designed for two or more families for living or sleeping purposes and having kitchen and bath facilities for each family, including condominiums and cluster developments; and
- **"Mobile home"** means a development area for residential occupancy in vehicles that require a permit to be moved on a highway, other than a motor vehicle designed or used for human habitation and for being drawn by another vehicle.

- **"Accessory Dwelling Unit (ADU)"** means a secondary residential unit located on the same property as a primary dwelling, providing independent living facilities including a kitchen, bathroom, and sleeping area.

The residential fire impact fee shall be charged on the square footage within the perimeter of a residential structure. Garages, carports, walkways, overhangs, patios, enclosed patios, detached storage structures, or similar areas are excluded.

Figure 8 below presents the calculation of the maximum residential fire impact fee. As shown, the residential fee is determined by multiplying the fire facility standard by their respective EDU demand factor plus an additional three percent for the administration of the fire impact fee program. The fee program administrative cost component is designed to offset the cost of District and County collection, documentation, annual reporting requirements, five-year report requirements, periodic Nexus Study updates, and other costs reasonably related to compliance with the Act.

FIGURE 8 – MAXIMUM RESIDENTIAL FIRE IMPACT FEE

Residential Land Use Categories	Existing Facilities Standard ¹	EDU Demand Factor ²	Cost per Dwelling Unit	Fee Program Admin. 3% ³	Average Living Area (Sq. Ft.) ³	Maximum Fire Impact Fee ⁴	
	Calc	a	b	c = a * b	d = c * 0.03	e	f = (c + d) / e
----- per dwelling unit -----							
Single Family Housing	\$1,485.02	1.00	\$1,485.02	\$44.55	1,775	\$0.86	
Multi-Family Housing	\$1,485.02	1.31	\$1,945.38	\$58.36	1,200	\$1.66	
Mobile Home	\$1,485.02	0.82	\$1,217.72	\$36.53	1,425	\$0.88	
ADU < 750 sq. ft. ⁵	NA	NA	NA	NA	NA	Exempt	
ADU => 750 sq. ft. ⁵	NA	NA	NA	NA	NA	\$0.86	

Notes:

¹ See Figure 7.

² See Figure 4.

³ Based on Monterey County Assessor's Lien Roll Data as of July 1, 2024.

⁴ The maximum residential fire impact fee is rounded down to the nearest cent.

⁵ Pursuant to Govt. Code § 65852.2(f)(3)(A), development impact fees for a new accessory dwelling unit must be imposed proportionately in relation to the square footage of the primary dwelling unit. Accessory dwelling units less than 750 square feet of living area are exempt.

The District may approve, and the County may adopt fees lower than the maximum, justified amounts shown below, provided that they are reduced by the same percentage for each land use category.

NONRESIDENTIAL FIRE IMPACT FEE

As stated earlier, the Mitigation Fee Act requires that development impact fees be determined in a way that ensures a reasonable relationship between the fee and the type of development on which the fee is imposed. Since different nonresidential land uses have varying employment densities, the nonresidential fire impact fee is expressed per square foot of building area based on their respective facilities demand EDU factor for five nonresidential land use categories. The five nonresidential land use categories are as follows:

- **"Retail / Commercial"** means retail, commercial, educational, and hotel/motel construction;
- **"Office"** means general, professional, and medical office construction;
- **"Industrial"** means manufacturing construction;
- **"Agriculture"** means the construction of barns and other agricultural structures; and
- **"Warehouse / Distribution"** means the construction of buildings primarily devoted to the storage and/or distribution of materials.

The nonresidential fee shall be charged for "covered and enclosed space" within the perimeter of a nonresidential structure. Any storage areas incidental to the principal use of the development, garage, parking structure, unenclosed walkway, or utility or disposal area are excluded.

Figure 9, on the following page, presents the calculation of the nonresidential fire impact fees. The District may approve, and the County may adopt on their behalf, the following fees at or below the levels determined by this Nexus Study. As shown, the fees for the five nonresidential land uses are determined by multiplying the facilities standard by their respective facilities demand factor plus an additional 3 percent for administration of the fire impact fee program.

FIGURE 9 – MAXIMUM NONRESIDENTIAL FIRE IMPACT FEES

Nonresidential Land Use Categories	Existing Facilities Standard ¹	EDU Demand Factor ²	Cost per Unit	Fee Program Admin. 3%	Total Cost per Unit	Maximum Fire Impact Fee ³	
	Calc	a	b	$c = a * b$	$d = c * 0.03$	$e = c + d$	$f = e / 1,000$
----- per 1,000 sq. ft. -----							
Retail / Commercial	\$1,485.02	0.62	\$920.72	\$27.62	\$948.34	\$0.94	
Office	\$1,485.02	0.84	\$1,247.42	\$37.42	\$1,284.84	\$1.28	
Industrial	\$1,485.02	0.55	\$816.76	\$24.50	\$841.27	\$0.84	
Warehouse / Distribution	\$1,485.02	0.30	\$445.51	\$13.37	\$458.87	\$0.45	
Agriculture	\$1,485.02	0.08	\$118.80	\$3.56	\$122.37	\$0.12	

Notes:

¹ See Figure 7.

² See Figure 4.

³ The maximum nonresidential fire impact fee is rounded down to the nearest cent.

COMPARISON OF CURRENT AND MAXIMUM FIRE IMPACT FEES

The figure below compares the District's current fire impact fee established in 2018 with the maximum fire impact fee justified by this Nexus Study. The new residential fire impact fee is expressed for three residential land use categories. Nonresidential fees are separated into retail/commercial, office, industrial, and warehouse/distribution fees. Accessory dwelling unit "ADU" of 750 square feet or more must be charged proportionately in relation to the square footage of the primary dwelling unit. The construction of an ADU with less than 750 square feet of living area is exempt from the fire impact fee.

The new methodology also incorporates more detailed demand factors and replacement costs, aligning fees more accurately with growth-related impacts, unlike the more simplistic structure of the prior Nexus Study.

FIGURE 10 – COMPARISON OF CURRENT AND MAXIMUM FIRE IMPACT FEE

Land Use Category	Unit	Current Fire Impact Fee (2018)	Maximum Fire Impact Fee (2025)	% Change
Single Family Housing	BSQFT	\$0.65	\$0.86	32%
Multi-Family Housing	BSQFT	\$1.22	\$1.66	36%
Mobile Home	BSQFT	\$0.72	\$0.88	22%
Assisted Living	BSQFT	\$0.52	NA	-
Assesory Dwelling Unit => 750 sq. ft.	BSQFT	\$0.65	\$0.86	32%
Assesory Dwelling Unit < 750 sq. ft.		----- Exempt -----		
Retail / Commercial	BSQFT	\$0.72	\$0.94	31%
Office	BSQFT	\$0.87	\$1.28	47%
Industrial	BSQFT	\$0.68	\$0.84	24%
Warehouse / Distribution	BSQFT	\$0.52	\$0.45	-13%
Agriculture	BSQFT	\$0.37	\$0.12	-68%

PROJECTED FIRE IMPACT FEE REVENUE

Figure 11 projects fire impact fee revenue through 2040. Total fire impact fee revenue (in 2025 dollars) is then calculated by multiplying the fire facilities demand standard by demand EDU growth. Residential demand assumes an annual growth rate of 0.5 percent. It is assumed that nonresidential development will occur proportionately. As shown, fire impact fee revenue will contribute approximately \$2.24 million (in 2025 dollars) towards the District's long-term capital improvement plan. Certainly, arguments can be made for higher or lower demand growth. However, the projected demand growth and fee revenue are merely estimates for planning purposes.

FIGURE 11 – PROJECTED FIRE IMPACT FEE REVENUE

Land Use Category	Current Demand EDUs (2025) ¹	Demand EDU Growth (2045) ²	Existing Facilities Standard ³	Projected Fire Impact Fee Revenue (2025\$) ⁴
Calc	a	b	c	d = b * c
Residential	12,128	1,272	\$1,485.02	\$1,889,000
Nonresidential	2,232	234	\$1,485.02	\$348,000
Total District	14,360	1,506	\$1,485.02	\$2,237,000

Source: Association of Monterey Bay Area Governments ("AMBAG"); SCI Consulting Group

Notes:

¹ See Figure 5.

² Based on a projected annual growth rate of 0.5% .

³ See Figure 7.

⁴ Rounded to the nearest thousand.

It is important to note that the fire impact fee program is designed not to be dependent on a specific capital improvement plan and a specific level of new development. Only enough fee revenue will be generated for the District to expand its existing level of service to serve the growing service population.

The District will need to fund existing deficiencies and any other purchases and improvement costs above its existing level of service with other funding sources. Other potential funding sources include but are not limited to, a general obligation bond measure, state and federal grants, the District's general fund, and existing or new special tax and assessment proceeds, if allowable.

NEXUS FINDINGS

This section frames the Nexus Study findings in terms of the legislated requirements to demonstrate the legal justification of the fire impact fee. These requirements are discussed below.

PURPOSE OF FEE

The purpose of the fire impact fee is to fund the cost of fire protection and emergency response facilities, apparatus, and equipment attributable to new residential and nonresidential development in the District. The fire impact fee will enable the District to maintain its existing level of service by ensuring that the costs of expanded facilities, apparatus, and equipment required to accommodate growth are funded by new development rather than placing a financial burden on existing developments.

USE OF FEE REVENUE

Fee revenue will be used to fund new facilities (land, stations, and other buildings), new apparatus (engines, ambulances, and other vehicles), and new equipment costs that expand the District's fire system capacity.

Due to the increased service calls from the persons and structure area growth created by new development, the District's operational workload for emergency response vehicles will intensify. This heightened usage accelerates wear and tear on apparatus, reducing their lifespan and requiring more frequent replacement to sustain operational readiness and reliability. Therefore, as a result of new development, the District will need to replace apparatus more frequently and/or add apparatus to its fleet. To address these impacts, the District may use fee proceeds to fund up to 9.5 percent of an apparatus replacement, up to 100 percent of the cost of adding apparatus to the fleet, or a combination of both.³ This approach complies with the requirements of the Act while allowing the District the flexibility needed to manage its apparatus fleet and maintain essential fire services effectively.

Lastly, the cost of fee collection, accounting, satisfying reporting requirements, periodic nexus studies, and other expenses related to compliance with the Act will also be funded with fee revenue.

³ Represents the percentage growth in demand EDUs thru buildout. See Figure 11.

It is important to note that only enough fee revenue will be generated for the District to maintain its existing level of service to serve the growing community. Fee revenue will not be used to fund existing deficiencies, such as station renovation that does not expand fire system capacity.

A summary of the allowable and prohibited uses of fee revenue is provided on the following page.

FIGURE 12 – SUMMARY OF ALLOWABLE AND PROHIBITED USES OF FEE REVENUE

<u>Allowable Uses</u>	<u>Prohibited Uses</u>
<ul style="list-style-type: none">▪ <i>New (added) or expanded land and facilities costs (100%)</i>▪ <i>Apparatus, vehicles, and equipment purchases that expand the system inventory (100%)</i>▪ <i>Facility costs already incurred to provide growth-related capacity (100%)</i>▪ <i>Portion of apparatus, vehicles, and equipment replacement costs attributable to new development (9.5%)</i>▪ <i>Portion of a renovation project that expands service capacity</i>▪ <i>Collection, accounting, documentation, annual reporting requirements, five-year report requirements, periodic nexus studies, and other costs reasonably related to compliance with the Act.</i>	<ul style="list-style-type: none">▪ <i>Existing deficiencies, such as improvements to existing facilities that do not expand service capacity</i>▪ <i>Portion of apparatus, vehicles, and equipment replacement costs attributable to existing development (90.5%)</i>▪ <i>Operational, maintenance, or repair costs</i>

BENEFIT RELATIONSHIP

The fee will be collected as development occurs. In order to maintain its existing level of fire protection and emergency response services, fee revenue will be used to expand District's facilities, apparatus, and equipment to meet the additional demand generated by the new residents and employees and new structural area created by new development projects.

Fee revenue will be deposited into a separate fire impact fee account or fund in a manner that avoids any commingling of the fees with other revenues and funds. The fee revenue will be restricted to the uses described in the "Use of Fee Revenue" finding. Additionally,

the Act ensures that fee revenue is expended expeditiously or refunded to the developer. These Act requirements ensure that a development project paying the fire impact fee will benefit from its use. Moreover, since the District's fire protection and emergency response resources are organized as an integrated fire system, improvements and purchases with the District benefit the entire fire system.

IMPACT RELATIONSHIP

New residential and nonresidential development projects in the District will grow the persons (residents and employees) and the structural area (residential area and nonresidential building area) in persons who live or work. The growth in persons and structural area will create an additional need for the District's fire protection and prevention, emergency response service, and a corresponding need for new or expanded facilities and replacement of apparatus, vehicles, and equipment. The fee will be imposed on different types of development projects to the additional service population generated and structural area created by new development projects.

ROUGH PROPORTIONALITY

The cost of fire protection facilities, apparatus, and equipment attributable to a development project is based upon the level of existing development served by the District's existing fire protection facilities. The use of an existing facility standard methodology to determine the fire impact fee achieves proportionality between existing development and new development. Moreover, these equivalent costs are applied to various land use categories in proportion to the need they create for expanded facilities.

The use of a fire facilities demand factor to determine the fire impact fee schedule achieves proportionality across the types of development on which the fee is imposed. Larger development projects will generate a higher number of persons and structural area to protect and, as a result, will pay a higher fee than smaller development projects. Thus, the application of a fire impact fee schedule to a specific project ensures a reasonable relationship between the fee and the cost of the facilities, equipment, and apparatus attributable to that project.

FEE PROGRAM ADOPTION REQUIREMENTS

Under California law, the District does not have land use authority to impose impact fees on development projects. Because the District serves an unincorporated area of the County, the County Board of Supervisors must adopt the fire impact fee program on behalf of the District. The following outlines the general requirements for the approval of the Nexus Study and updated fire impact fee program (“fee program”) by the District Board of Directors and adoption by the County Board of Supervisors. The specific statutory requirements for this process are set forth in the Mitigation Fee Act (California Government Code § 66000 et seq.) and the County Municipal Code Chapter 10.80. SCI recommends that the notice and hearing requirements be satisfied by the District for approval and by the County for adoption.

NORTH COUNTY FIRE PROTECTION DISTRICT OF MONTEREY COUNTY

1. Open and Public Meeting: The District Board must conduct at least one open and public meeting as part of a regularly scheduled session to consider and adopt the Nexus Study and updated fee program.
2. Public Review of the Nexus Study: The District must make the Nexus Study available for public review no less than 30 days prior to the meeting, in accordance with Government Code § 66016.5(a)(7).
3. Notice to Interested Parties: At least 30 days before the meeting, the District shall mail out a notice of the meeting to any interested party who filed a written request for notice of the adoption of new or increased fees. Although Government Code § 66016(a) requires mailing notice of the meeting to interested parties at least 14 days prior, this shorter timeline should be superseded by the 30-day public review requirement to ensure compliance with the intent of Government Code § 66016.5(a)(7).
4. Public Hearing Notice: At least 30 days before the public hearing, a notice of the time and place of the meeting shall be published twice in a newspaper of general circulation, with at least five days intervening between the dates of first and last publication, not counting such publication dates. While Government Code § 66018(a) requires public hearing notices to be published at least 10 days prior, this shorter requirement should be superseded by the 30-day public review requirement to ensure compliance with the intent of Government Code § 66016.5(a)(7).
5. Adoption of the Fee Program: After the public hearing, the District Board must adopt a resolution approving the Nexus Study and updated fire impact fees.

COUNTY OF MONTEREY

1. Open and Public Meeting: The County Board of Supervisors must conduct at least one open and public meeting as part of a regularly scheduled session to consider and adopt the Nexus Study and updated fee program.
2. Public Review of the Nexus Study: The County must make the Nexus Study available for public review no less than 30 days prior to the meeting, in accordance with Government Code § 66016.5(a)(7).
3. Notice to Interested Parties: At least 30 days before the meeting, the County shall mail out a notice of the meeting to any interested party who filed a written request for notice of the adoption of new or increased fees. Although Government Code § 66016(a) requires mailing notice of the meeting to interested parties at least 14 days prior, this shorter timeline should be superseded by the 30-day public review requirement to ensure compliance with the intent of Government Code § 66016.5(a)(7).
4. Public Hearing Notice: At least 30 days before the public hearing, a notice of the time and place of the meeting shall be published twice in a newspaper of general circulation, with at least five days intervening between the dates of first and last publication, not counting such publication dates. While Government Code § 66018(a) requires public hearing notices to be published at least 10 days prior, this shorter requirement should be superseded by the 30-day public review requirement to ensure compliance with the intent of Government Code § 66016.5(a)(7).
5. Adoption of the Fee Program: After the public hearing, the County Board of Supervisors must adopt a resolution approving the Nexus Study and setting the District's fire impact fees. The fees will become effective 60 days after adoption or on a later date specified in the resolution, pursuant to Government Code § 66017(a).

FEE PROGRAM ADMINISTRATION REQUIREMENTS

This section contains general requirements for the administration of the fee program. The specific statutory requirements for the administration of the fee program may be found in the Mitigation Fee Act (California Govt. Code § 66000 et seq.).

ACCOUNTING REQUIREMENTS

Proceeds from the updated fire impact fee should be deposited into a separate fund or account so that there will be no commingling of fees with other revenue or unexpended balances of the existing fee program funds. The fire impact fees should be expended solely for the purpose for which they were collected. Any interest earned by such an account should be deposited in that account and expended solely for the purpose for which it was originally collected.

REPORTING REQUIREMENTS

The following information, entitled *Annual Report*, must be made available to the public within 180 days after the last day of each fiscal year:

- a brief description of the type of fee in the account;
- the amount of the fee;
- the beginning and ending balance of the account;
- the fees collected that year and the interest earned;
- an identification of each public improvement for which the fees were expended and the amount of the expenditures for each improvement;
- an identification of an approximate date by which development of the improvement will commence if the local agency determines that sufficient funds have been collected to complete financing of an incomplete public improvement;
- a description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, the date on which any loan will be repaid, and the rate of interest to be returned to the account; and
- the amount of money refunded under section Govt. Code § 66001.

The District shall review the information made available to the public pursuant to paragraph (1) at the next regularly scheduled public meeting, not less than 15 days after this information is made available to the public, as required by this subdivision. Notice of the time and place

of the meeting, including the address where this information may be reviewed, shall be mailed, at least 15 days prior to the meeting, to any interested party who files a written request with the District or the County for mailed notice of the meeting. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service.

For the fifth fiscal year following the first receipt of any fire impact fee proceeds and every five years thereafter, the District must comply with Government Code Section 66001(d)(1) by affirmatively demonstrating that the District still needs unexpended fire impact fees to achieve the purpose for which it was originally imposed and that the District has a plan on how to use the unexpended balance to achieve that purpose. Specifically, the District shall make all of the following findings, entitled Five-Year Report, with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put;
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged;
- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements; and
- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

A refund of all or any part of such unexpended or unappropriated fee revenue, together with any actual interest accrued thereon, in the manner described in Section 66001 (e) of the Government Code, shall be provided to the current record owner of any property for which a fee was paid, provided that if the administrative costs of refunding such fee revenue exceed the amount to be refunded.

The Five-Year Findings Report must be made available to the public in connection with the Annual Report for the fifth fiscal year.

FEE PROGRAM UPDATES

This Nexus Study and fee program must be updated at least every eight years. The next Nexus Study update is due no later than January 1, 2033.

TRANSPARENCY REQUIREMENTS

The District must clearly post the following information on the District's website. Updates to the information must be made available within 30 days of any change.

- The current fee schedule or direct link indicating the effective date when it was adopted by the County Board of Supervisors.
- Current and five previous Annual Reports.
- Current and any previous Nexus Study conducted after January 1, 2018.

Fee EXEMPTIONS

The following development projects are exempted from payment of the fee:

- A structure owned by a governmental agency.
- An accessory dwelling unit less than 750 square feet.
- A development project found to have no impact on the District's fire system.

Fee CREDITS

A fee credit shall be given for demolished existing square footage as part of a new development project in order to comply with the Act and recent court cases. The fee credit shall be based on the effective fee for the demolished land use category.

IMPROVEMENTS IN-LIEU OF FEES

Subject to certain restrictions, if a developer dedicates land, constructs facilities, or provides apparatus/equipment for the District, the fire impact fees imposed on that development project may be adjusted to reflect a fee credit for the cost of the dedicated land, facilities constructed, and apparatus/equipment provided.

ANNUAL INFLATIONARY ADJUSTMENT

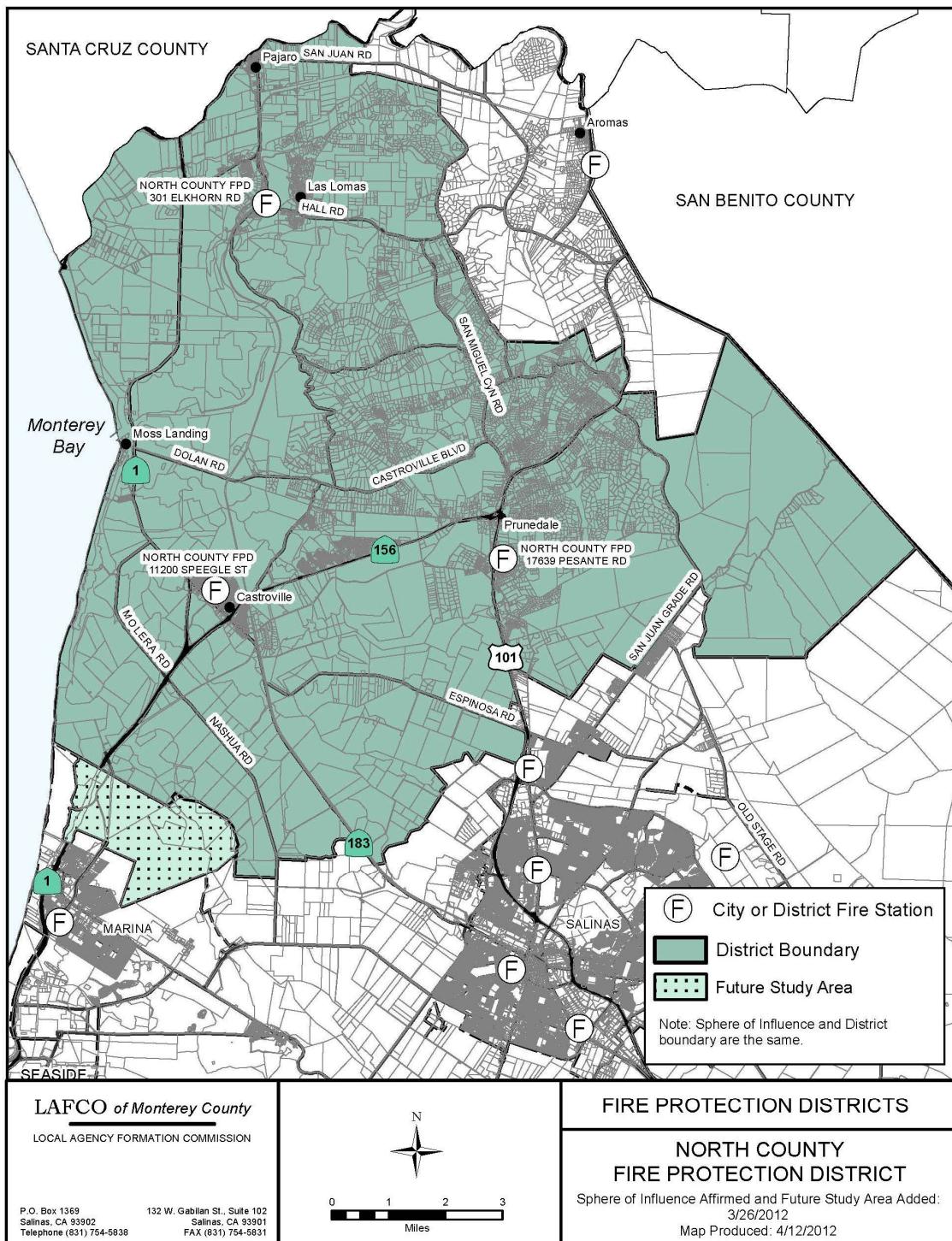
In order for the District to maintain its level of service, the fee will need to be adjusted annually commensurate with changes in the cost of facilities, apparatus, and equipment. Therefore, the fire impact fee should be adjusted on the first day of each fiscal year by the previous calendar percentage change in the Engineering News-Record Construction Cost Index, or its successor publication.

APPENDICES

Appendix A – District Map and Fee Program Area

Appendix B – Fire System Inventory and Replacement Cost Estimates

APPENDIX A – DISTRICT MAP AND FEE PROGRAM AREA



APPENDIX B – FIRE SYSTEM INVENTORY AND REPLACEMENT COST ESTIMATES

FIGURE 13 – EXISTING LAND AND BUILDING INVENTORY

Fire Station	Amount	Unit Cost	Replacement
			Cost (2025\$)
Calc	a	b	c = a * b
Station 1			
Land	0.258 acres	\$150,000 per acre	\$38,700
Buildings	9,004 sq. ft.	\$764 sq. ft.	\$6,879,056
Station 2			
Land	1.00 acres	\$150,000 per acre	\$150,000
Buildings	4,250 sq. ft.	\$764 sq. ft.	\$3,247,000
Station 3			
Land	1.60 acres	\$150,000 per acre	\$240,000
Buildings	5,600 sq. ft.	\$764 sq. ft.	\$4,278,400
Total Existing Facilities (Land and Buildings)			\$14,833,156

Source: North County Fire Protection District of Monterey County; SCI Consulting Group

FIGURE 14 – EXISTING APPARATUS AND EQUIPMENT INVENTORY

Unit ID	Type	Purchase Year	Apparatus /	Ancillary Equipment	Replacement
			Vehicles ¹		Value (2025\$)
5211	Fire Engine/Pumper	2003	\$237,500	\$130,000	\$367,500
5212	Fire Engine/Pumper	2010	\$475,000	\$130,000	\$605,000
5213	Fire Engine/Pumper	2022	\$950,000	\$130,000	\$1,080,000
5221	Fire Engine/Pumper	1997	\$237,500	\$130,000	\$367,500
5222	Fire Engine/Pumper	2003	\$237,500	\$130,000	\$367,500
5223	Fire Engine/Pumper	1996	\$237,500	\$130,000	\$367,500
5231	Brush Fire Engine	2001	\$137,500	\$95,000	\$232,500
5232	Brush Fire Engine	2021	\$550,000	\$95,000	\$645,000
5233	Brush Fire Engine	2001	\$137,500	\$95,000	\$232,500
5241	Water Tender	1996	\$125,000	\$30,000	\$155,000
5243	Water Tender	2008	\$125,000	\$30,000	\$155,000
5263	Heavy Rescue	2004	\$150,000	\$260,000	\$410,000
5265	Emergency Mobile Office	2010	\$275,000	\$260,000	\$535,000
5271	Ladder/pump Truck	2005	\$375,000	\$130,000	\$505,000
5200	Command Vehicle	2024	\$50,000	\$12,000	\$62,000
5201	Command Vehicle	2021	\$50,000	\$12,000	\$62,000
5202	Command Vehicle	2021	\$50,000	\$12,000	\$62,000
5203	Command Vehicle	2021	\$50,000	\$12,000	\$62,000
5291	Utility Pickup	2024	\$55,000	\$10,000	\$65,000
5292	Utility Pickup	2024	\$55,000	\$10,000	\$65,000
5293	Utility Pickup	2024	\$55,000	\$10,000	\$65,000
5299	Utility Truck Med Duty	1988	\$13,800	\$10,000	\$23,800
Total Apparatus and Equipment			\$4,628,800	\$1,863,000	\$6,491,800

Source: North County Fire Protection District of Monterey County

Notes:

¹ Value based on estimated current replacement value. Adjustments have been made to discount apparatus and vehicles based on age (0 - 5 years at 100% , 6-10 years at 75% ; 11 - 15 years at 50% and 16 years or more at 25% .)

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