



SUMMARY REPORT

Agenda Date: 7/22/2025

To: Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: Maggie Luce, Christel Querijero; (707) 565-2431

Vote Requirement: 4/5th

Supervisorial District(s): Countywide

Title:

Development Impact Fee Nexus Study - Professional Services Agreement with Harris & Associates

Recommended Action:

- A) ☐ Authorize the County Executive, or designee, to execute a professional services agreement with Harris & Associates to produce a development impact fee nexus study for park and transportation fees in an amount not to exceed \$219,932 through June 2027.
- B) Adopt a Budget Resolution authorizing budgetary adjustments to the Fiscal Year 2025/26 adopted budget to increase revenue and expenditure appropriations to transfer \$219,932 from General Fund contingencies to the County Administrator's Office to fund the development impact fee nexus study. (4/5 Vote Required)
- C) Authorize use of \$219,932 in General Fund contingencies for the nexus study.

Executive Summary:

On November 5, 2024, the Board of Supervisors directed the County Administrator's Office to initiate a Request for Proposals to conduct a nexus study for park and transportation development impact fees and return to the Board for contract approval and to request General Fund contingencies for the nexus study.

After a competitive bidding process staff selected Harris & Associates as the most qualified proposer. Harris & Associates will develop a nexus study that calculates fees proportionate to the impact of the development. The nexus study will analyze a square footage-based methodology for residential development or justify why square footage is not the appropriate metric to calculate development impact fees. The nexus study will also explore the implications of various policy options, including minimum and maximum fees and reduced fees for affordable housing.

The study will be coordinated by the County Administrator's Office, with technical information provided by Sonoma Public Infrastructure, Regional Parks, Permit Sonoma and County Counsel. This item seeks authorization to utilize \$219,932 of General Fund contingency funds for the nexus study.

Discussion:

State Assembly Bill 602 (AB 602) was enacted in 2021 and requires that impact fee nexus studies adopted after July 2022 calculate impact fees for housing development projects proportionately based on square footage or justify why square footage is not the appropriate metric to calculate development impact fees. AB 602 requires that the County adopt a new nexus study by 2030.

The County's park and transportation development impact fees rely on a nexus study that was developed in 2020 and predates AB 602. The County's existing fees are applied per unit and are not based on proportional square footage of each unit. Although AB 602 does not require an updated nexus study until 2030, industry best practice is to review nexus studies every three to five years. Given that the last County nexus study was done in 2020 and interests to incentivize smaller units that increase density and affordable housing options, the Board directed staff to update the nexus study.

Staff released a Request for Proposals for a nexus study for park and transportation development impact fees on April 11, 2025. Two consultants submitted proposals, which were evaluated by a panel of representatives from the County Administrator's Office, Sonoma Public Infrastructure, Regional Parks, and County Counsel. County Administrator, Sonoma Public Infrastructure, Regional Parks, County Counsel, and Community Development Commission staff interviewed and selected Harris & Associates as the most qualified proposer. Selection criteria included an evaluation of the consultant's qualifications and expertise, a demonstration of their history providing similar services to comparable entities, sample work products, project approach, and cost of services.

The scope of work in the attached agreement includes the following components:

Task 1: Project Initiation: July - August 2025

Harris & Associates will kick off the project and review key planning documents. Harris & Associates will develop a stakeholder engagement plan and propose a plan to address racial equity throughout the development of the nexus study.

Task 2: Document Reasoning Behind the Fee Program: August 2025 - September 2025

Harris & Associates will establish the purpose and justification for development impact fees and assess the potential for geographic zoning.

Task 3: Existing and Future Development Projections: September 2025 - November 2025

Harris & Associates will analyze current development conditions and project future growth, while evaluating metrics to assess residential and non-residential development impacts.

Task 4: Determine Facility Standards: November 2025 - January 2026

Harris & Associates will define standards for facility demand, design, and cost.

Task 5: Cost of Facilities to Serve New Development: January 2026 - March 2026

Harris & Associates will recommend cost estimation methodologies, identify facility funding needs, and analyze alternative funding sources.

Task 6: Allocation of County-Owned Facility Costs: February 2026 - April 2026

Harris & Associates will ensure that each land use type (for example, single family, multifamily and non-residential) pays a proportional share of parks and transportation costs.

Task 7: Maximum Fee Based on Nexus Analysis: May 2026

Harris & Associates will calculate the maximum justifiable fee for each land use type.

Task 8: Financial Impact of Fees: May 2026 - July 2026

Harris & Associates will assess the financial implications of proposed fees on development feasibility with tools including stakeholder engagement and benchmarks against peer jurisdictions. Harris & Associates will analyze the potential impact of reducing or eliminating fees for affordable housing.

Task 9: Fee Implementation: July 2026

Harris & Associates will recommend strategies for setting, phasing in, and adjusting fees over time.

Task 10: Nexus Study and Fee Adoption: July 2026 - December 2026

Harris & Associates will compile all findings into a comprehensive nexus study, support stakeholder engagement, present to the Board, and prepare the necessary documentation for fee adoption.

Staff will present the draft nexus study to the Board for feedback and approval before initiating the formal development impact fee adoption process defined in the Mitigation Fee Act. The nexus study will support the County's approach to impact fee reform for housing and help establish new rates for transportation and parks impact fees. The Mitigation Fee Act requires all development impact fees to be adopted at a public hearing, and that the County adopt a nexus fee to support any new or increased fees. Upon completion of the Nexus Study, staff will present options for revised impact fee schedules based on the new nexus analysis for Board consideration.

Strategic Plan:

N/A

Racial Equity:**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

While this item does not include a racial equity analysis, staff will include a racial equity analysis as part of the nexus study.

Prior Board Actions:

- 3/11/2025 - Establish a Two-Year Development Impact Fee Elimination Program for Affordable Housing: Board adopted a Resolution to reduce impact fees for affordable housing and adopted a resolution authorizing the use of \$1,500,000 in General Fund contingencies to increase appropriations in the Non-Departmental Budget by \$1,500,000 to backfill impact fees, as needed.
- 1/14/2025 Consider Options to Establish a Two-Year County Imposed Development Impact Fee Reduction Program: Board directed staff to return to the Board with a resolution to establish a two-year development impact fee elimination program for affordable housing.
- 11/5/2024 - AB 602 Development Impact Fees: Board directed the County Administrator's Office to initiate a Request for Proposals to conduct a Nexus Study for Parks and Transportation development impact fees.
- 6/10/2024 - AB 602 Development Impact Fee Nexus Study: Board provided direction to staff to return to the Board with a variety of options related to development impact fees, including waivers and a study.

FISCAL SUMMARY

Expenditures	FY25-26 Adopted	FY26-27 Projected	FY27-28 Projected
Budgeted Expenses			
Additional Appropriation Requested	\$219,932		
Total Expenditures	\$219,932		

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Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies	\$219,932		
Total Sources	\$219,932		

Narrative Explanation of Fiscal Impacts:

This item seeks authorization to utilize \$219,932 of General Fund contingency funds for the nexus study.

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Attachment A: Sonoma County and Harris & Associates development impact fee nexus study Professional Services Agreement

Attachment B: Budget Resolution

Related Items "On File" with the Clerk of the Board:

N/A