



## Legislation Text

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**File #:** 23-0261, **Version:** 1

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Recommendation to adopt resolution approving the Annual and Five-Year Reports for the Transportation Improvement, Parks and Recreation Facilities, Fire Facilities Impact, and Police Facilities Impact Fees. (Citywide)

New development affects the level of services provided through the City of Long Beach (City) facilities, infrastructure, land, and equipment. To accommodate the needs of the new residents and businesses, the City imposes impact fees to expand these resources as follows:

- Transportation Improvement Fee
- Parks and Recreation Facilities Fee
- Fire Facilities Impact Fee
- Police Facilities Impact Fee

The Annual and Five-Year Reports provide information to the City Council and the public and fulfill State Government Code and Long Beach Municipal Code (LBMC) mandated reporting and disclosure requirements. The attached Resolution contains the reports on each impact fee as exhibits.

This report reflects the City's Fiscal Year 2022 (FY 22) actual performance and fund balance information based on preliminary close information that has not yet been audited.

### **Annual Reports**

The California Government Code requires that local agencies that impose fees in connection with the approval of development projects make information available to the public on an annual basis. The LBMC adds other elements to these requirements. The reports provide information on what the fees are, the fund balance of each fund, and how the money was spent in the prior fiscal year. Additionally, annual reports for the Transportation Improvement and Parks and Recreation Facilities fees are required to also include proposed uses of revenue for the upcoming year. Any work related to the proposed uses listed on the annual reports will only proceed at such time that the detailed scope of work has been reviewed to ensure the uses are eligible for impact fee support, and appropriations have been approved by the City Council.

### **Five-Year Reports**

Government Code Section 66001 mandates additional disclosure requirements with respect

to any fees collected and remaining unexpended in the fifth year after collection. To ensure the City Council is fully informed of the status of unexpended funds, five-year reports are submitted annually. Any work related to the proposed uses listed on the annual reports will only proceed at such time that the detailed scope of work has been reviewed to ensure the uses are eligible for impact fee support, and appropriations have been approved by the City Council.

This matter was reviewed by Deputy City Attorney Anita Lakhani on March 2, 2023 and by Revenue Management Officer Geraldine Alejo on February 14, 2023.

City Council action is requested on March 21, 2023, as State law requires the information contained in these reports be made available to the public within 180 days after the last day of the fiscal year, or by March 29, 2023.

### FISCAL IMPACT

The amount of impact fees collected each year is dependent on the amount and type of new development and its relationship to the purpose of the fee. The impact fee revenue, including interest, for FY 22 was \$3,185,452. Impact fee expenditures in FY 22 totaled \$471,561. These fees can only be used to offset the impact of new development. The five-year reports provide information on proposed uses for revenue unexpended in the various impact fee funds during FY 18 through FY 22.

### **Transportation Improvement Fee Report**

The Transportation Improvement Fee Report (Exhibit A to Resolution) summarizes the status of implementation of the citywide Traffic Mitigation Program (TMP). The TMP is the City's program for implementing transportation improvements needed to meet increased traffic resulting from economic growth. Funding for the program is derived from a combination of public funds, such as Gas Tax, federal grants, and impact fees from new development. The TMP was designed as the mechanism by which the City could implement its basic access strategy to support economic growth and maintain mobility.

In FY 22, the Transportation Improvement Fee was applied to 722,485 gross square feet of residential unit development and 717,949 gross square feet of commercial development. This residential and commercial development generated an estimated increase of 904 evening peak hour car trips each day. In FY 22, the fund had a beginning balance of \$7,463,510. The Traffic Mitigation Fee Fund received \$1,115,687 in fee revenue and interest during FY 22. Total expense for the same year totaled \$118,658 and funded the 91/605/405 Corridor Needs Assessment Study, the Environmental Impact Report for 1-710 Freeway Corridor, the Artesia Great Boulevard Project, and the Santa Fe Avenue Traffic Signal Synchronization Project. The ending FY 22 fund balance is \$8,460,540 and may only be used to provide transportation improvements needed to serve new development. A summary of projects funded using Transportation Improvement Fee revenues is included in Exhibit A to

the Resolution.

## **Parks and Recreation Facilities Fee Report**

In February 1989, the City Council established the Parks and Recreation Facilities Fee (PRFF). This fee on new development is designed to maintain the existing level of service for existing and new residents. New residential development increases the population of Long Beach by providing more places to live, which results in an increased need for new parks and recreational resources. In FY 22, the Parks and Recreation Facilities Fee was applied to 716,231 gross square feet of residential unit development. Nonresidential development is exempt from this impact fee.

In FY 22, the fund had a beginning balance of \$6,261,326. A total of \$1,485,246 in PRFF revenue, including interest, was received in FY 22 and \$97,515 was expended, leaving an ending fund balance of \$7,649,057. The ending fund balance will be spent in future years on eligible projects. In FY 22, PRFF funds were used for the Davenport Park Expansion, an updated Park Impact Fee Study, and the Wrigley Greenbelt Development. In addition, FY 22 expenditures include a technical adjustment to correct prior year expenditures for 14<sup>th</sup> Street Park expansion project funded by other grant revenues. A summary of projects funded using PRFF revenues is included in Exhibit B to the Resolution.

Per LBMC Section 18.18, the PRFF must be revised annually through an automatic adjustment based on the average percentage change over the previous calendar year in the Construction Cost Index for the Los Angeles metropolitan area. However, there have been no changes to the PRFF rates since 2015. Additionally, the LBMC requires that the continued validity of the fee be evaluated every five years by a Nexus Study. In accordance with the LBMC section 18.18, City staff completed the required study in 2018. An updated Nexus Study was initiated in 2022. As required by the LBMC, the Parks, Recreation, and Marine Department will return to the City Council and present both completed studies, along with department recommendations for fee adjustments as supported by the 2022 Nexus Study.

## **Fire Facilities Impact Fee Report**

In April 2007, the City Council established the Fire Facilities Impact Fee, a fee imposed on new development to mitigate the impact of new development on fire facilities. New development increases the demand for public safety facilities. As such, revenues generated from fire facilities impact fees will help defray the costs associated with meeting the needs of the growing service population. In FY 22, the Fire Facilities Impact Fee was applied to 719,578 gross square feet of residential unit development and 717,949 gross square feet of nonresidential development.

In FY 22, the fund had a beginning balance of \$1,298,545. A total of \$231,093 in Fire Facilities Impact Fee revenue, including interest, was collected in FY 22, with \$255,388

expended on projects, leaving an ending fund balance of \$1,274,250. These funds may only be used to expand services and facilities, which includes, but is not limited to, acquiring property, constructing new buildings, furnishing buildings, purchasing equipment, apparatus or vehicles or financing any of the above that will expand and support additional fire services attributable to new residential or nonresidential construction. In FY 22, Fire Facilities Impact Fee funds were used to support an expansion of the Captain David Rosa Regional Training Center, which included construction of a building for storage of equipment, apparatus, training props, and materials. Funds were also used to purchase software and hardware for the Electronic Patient Care System and furnishings and equipment for the new Fire Station 20. In addition to continuing work related to the Captain David Rosa Regional Training Center, future projects to be funded with Fire Facilities Impact Fees include furnishings and equipment at Fire Stations 15 and 20. A summary of projects funded using Fire Facilities Impact Fee revenue is included in Exhibit C to the Resolution.

### **Police Facilities Impact Fee Report**

In April 2007, the City Council also established the Police Facilities Impact Fee to mitigate the impact of new development on police facilities. New development increases the demand for public safety facilities and impact fees help defray the costs for these facilities. Funds collected from the Police Facilities Impact Fee may be used for the following: to fund the acquisition of additional property for law enforcement facilities; construction of new buildings for law enforcement services; furnishing of new buildings or facilities for law enforcement services; purchasing of equipment and vehicles for law enforcement services; and funding of a master plan to identify capital facilities to serve new Police Department development. In FY 22, the Police Facilities Impact Fee was applied to 720,568 gross square feet of residential unit development and 717,949 gross square feet of nonresidential development.

In FY 22, the fund had a beginning balance of \$3,113,141. A total of \$353,425 in Police Facilities Impact Fee revenue, including interest, was collected in FY 22, with \$0 expended on projects, leaving an ending fund balance of \$3,466,566. Fund balances generated from Police Facilities Impact Fees will be used to help furnish the new Police Academy building, which is currently under design for construction, as well as furnishings for the new Forensic Science Laboratory, as described in Exhibit D to the Resolution.

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

KEVIN RIPER  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA  
CITY MANAGER