



Legislation Text

File #: 18-0242, **Version:** 1

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

New development affects the level of services provided through the City's 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.

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. Essentially, the reports provide what the fees are, the fund balance of each fund, and how the money was spent in the prior fiscal year.

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. Five-year reports are submitted annually to ensure the City Council is fully informed of the status of unexpended funds,

This matter was reviewed by Deputy City Attorney Monica J. Kilaita on February 12, 2018 and by Interim Budget Bureau Manager Grace Yoon on February 21, 2018.

City Council action is requested on March 13, 2018, 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 March 29, 2018.

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 the fiscal year which ended September 30, 2017 (FY 17), was \$1,237,995. Impact Fee expenditures in FY 17 totaled \$1,257,363. As of September 30, 2017, the City has a remaining fund balance of \$4,957,038 across all Impact Fees. These fees can only be used to offset the impact of the new development. The five-year reports provide information on revenue unexpended in the various impact fee funds during FY 13 - FY 17.

Transportation Improvement Fee Report (Exhibit A to Resolution)

The Transportation Improvement Fee Report summarizes the status of implementation of the Citywide Traffic Mitigation Program (TMP). The TMP is the City's program for implementing the 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 17, the City issued building permits for 294,353 gross square feet of residential units and 741,447 gross square feet of commercial development, which generated an estimated 2,977 evening peak hour car trips each day. In FY 17, the fund had a beginning balance of \$1,956,365. A total of \$494,256 in Transportation Improvement Fund fee revenue, including interest, was received in FY 17 and \$825,385 was expended, leaving an ending fund balance of \$1,625,236. These funds 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.

Parks and Recreation Facilities Fee Report (Exhibit B to Resolution)

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 the City by providing more places to live. This adversely impacts parks and recreational resources through crowding and overuse, lowering the quality of life for all existing and new residents. The LBMC requires that the continued validity of the fee be evaluated every five years by a Nexus Study. Staff began the required evaluation in FY 17 and the process will be completed in FY 18. Any fee changes will be brought to the City Council for approval.

In FY 17, the fund had a beginning balance of \$1,772,250. In FY 17, \$341,267 was received from PRFF fees, including interest. During the year, \$13,421 was expended towards the Park Impact Fee Nexus Study and \$243,085 was transferred to the Debt Service Fund, for interest payments on the Open Space Bond, for a total expense of \$256,506. The remaining fund

balance of \$1,857,012 will be spent in future years on eligible projects.

Fire Facilities Impact Fee Report (Exhibit C to Resolution)

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 and impact fees help defray the costs for these facilities. In FY 17, the fund had a beginning balance of \$542,517. A total of \$153,111 in Fire Facilities Impact Fees were collected in FY 17, with \$175,473 expended on projects, leaving an ending fund balance of \$520,155. Funds were used to upgrade the Fire Department's fire station alerting system, support modifications to Fire Station 1 to accommodate increased staffing, and purchase of an Electronic Patient Care System that will improve patient care, data collection, and revenue recovery.

Police Facilities Impact Fee Report (Exhibit D to Resolution)

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 can be used 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; funding of a master plan to identify capital facilities to serve new Police Department development.

In FY 17, the fund had a beginning balance of \$705,274. During FY 17, \$249,362 was received from fees and interest with no expenditures, leaving a fund balance of \$954,635.

Approve recommendation.

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JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER