



## Legislation Text

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**File #:** 20-0248, **Version:** 1

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Recommendation to adopt resolution approving the Annual and Five-Year Reports for the Transportation Improvement Fee, Parks and Recreation Facilities Fee, 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 fulfills 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 2019 (FY 19) actual performance based on preliminary close information.

### 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. To ensure the City Council is fully informed of the status of unexpended funds, five-year reports are submitted annually.

This matter was reviewed by Deputy City Attorney Sarah E. Green on February 25, 2020 and by Revenue Management Officer Geraldine Alejo on March 3, 2020.

## STATEMENT OF URGENCY

With the possible postponement or cancellation of upcoming City Council meetings as a precautionary measure to COVID-19, City Council action is requested on March 17, 2020, to ensure the reports are made available to the public in accordance to State law.

City Council action is requested on March 17, 2020, 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 28, 2020.

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 ending September 30, 2019 (FY 19), was \$7,704,109. Impact fee expenditures in FY 19 totaled \$933,859. These fees can only be used to offset the impact of new development. The five-year reports provide information on revenue unexpended in the various impact fee funds during FY 15 through FY 19.

### **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 19, the City issued building permits for 1,348,504 gross square feet of residential units and 1,999,707 gross square feet of commercial development where the Transportation Improvement Fee applied, which generated an estimated increase of 1,145 evening peak hour car trips each day. In FY 19, the fund had a beginning balance of \$1,690,660. A total of \$2,983,151 in Transportation Improvement Fund fee revenue, including interest, was received in FY 19 and \$109,484 was expended, leaving an ending fund balance of \$4,564,326. These funds may only be used to provide transportation improvements needed to serve new development. In FY 19, Transportation Improvement Fee funds were used on projects such as the 91/605/405 Corridor Needs Assessment, Citywide Parking Guidance and Wayfinding Systems, I-710 Freeway Corridor, completing the Redondo and Anaheim Intersection Widening, and Traffic Impact Analysis Guidelines studies. 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. In FY 19, the City issued building permits for 1,351,153 gross square feet of residential units and 382,276 gross square feet of nonresidential development where the PRFF applied.

In FY 19, the fund had a beginning balance of \$1,493,764. A total of \$2,601,443 in PRFF revenue, including interest, was received in FY 19 and \$470,500 was expended, leaving an ending fund balance of \$3,624,707, which will be spent in future years on eligible projects. In FY 19, PRFF funds were used for the Davenport Park Expansion, Lincoln Park, and for interest payments on the Open Space Bond. A summary of projects funded using PRFF revenues is included in Exhibit B.

According to the PRFF Ordinance included in 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. The automatic annual adjustment must take effect on April 1, 2020. 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. The study will be brought to the City Council in FY 20.

### **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 19, the City issued building permits for 1,436,703 gross square feet of residential units and 2,349,296 gross square feet of nonresidential development where the Fire Facilities Impact Fee applied.

In FY 19, the fund had a beginning balance of \$381,486. A total of \$828,414 in Fire Facilities Impact Fees were collected in FY 19, with \$353,875 expended on projects, leaving an ending fund balance of \$856,026. In FY 19, Fire Facilities Impact Fee funds were used to 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. A summary of projects funded using Fire Facilities Fee revenues is included in Exhibit C.

### **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; and, funding of a master plan to identify capital facilities to serve new Police Department development. In FY 19, the City issued building permits for 1,436,703 gross square feet of residential units and 2,349,296 gross square feet of nonresidential development where the Police Facilities Impact Fee applied.

In FY 19, the fund had a beginning balance of \$412,104. A total of \$1,291,101 in Police Facilities Impact Fees and interest were collected in FY 19, with \$0 expended on projects, leaving an ending fund balance of \$1,703,205. Fund balances generated from Police Facilities Impact Fees will be used to help furnish the new Training Division building, which is currently under design for construction.

Approve recommendation.

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JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA  
ACTING CITY MANAGER