



Legislation Text

File #: 16-0266, **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 the 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 purpose of the Annual and Five-Year Reports is to provide information to the City Council and the public, and to fulfill State and City mandated reporting and disclosure requirements. In February 2011, the Department of Financial Management absorbed the centralized management of the reporting process. Financial Management and the departments involved have since worked together to standardize the report format with the goal of making the information more accessible and transparent to the City Council and the public. These changes resulted in the consolidation of all the required reporting into a single City Council action with the attached Resolution containing the four departments' reports as Exhibits.

Annual Reports

The California Government Code requires that local agencies that impose fees in connection with the approval of development projects make certain information available to the public on an annual basis. The Long Beach Municipal Code (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 preceding fiscal year.

Five-Year Reports

Section 66001 of the Government Code mandates additional disclosure with respect to any fees collected and remaining unexpended in the fifth year after collection. In order to ensure that the City Council is fully informed of the status of unexpended funds, five-year reports will be submitted annually.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita on February 24, 2016 and by Assistant Finance Director Lea Eriksen on February March 4, 2016.

City Council action on this item is requested on March 22, 2016, 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 31, 2016.

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 for the fiscal year ended September 30, 2015 (FY 15) was \$1,324,864. Impact Fee expenditures in FY 15 totaled \$984,634. As of September 30, 2015, the City has a remaining fund balance of \$4,049,455 across all Impact Fees. 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 11 - FY 15.

Transportation Improvement Fee Report (Exhibit A to Resolution)

The Traffic Mitigation Program (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 and 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 December 1990, the City Council adopted a resolution establishing the Transportation Improvement Fee (TIF) to ensure that TMP level of service goals are met with respect to the additional demands placed on the transportation system by new residential and non-residential development.

In FY 15, the City issued building permits for 345,827 gross square feet of residential units and 170,727 gross square feet of commercial development, which generated an estimated 3,783 evening peak hour car trips each day. These figures do not include the Douglas Park development, which is under a separate development agreement. In FY 15, a total of \$579,515 was received from TIF fees, including interest. A total of \$835,642 was expended, leaving an ending fund balance of \$1,930,291. 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), a fee on new development 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 and access to services for all existing and new residents.

In FY 15, \$1,032,676 was received from PRFF fees, including interest. During FY 15, \$243,085 in prior year PRFF revenue was transferred to the Development Services Fund for Open Space Bond repayments. The transfer funded approximately one-quarter of the Open Space Bond repayment for FY 15. The fund balance of \$1,436,313 will be spent in future years. Projects eligible for PRFF funding are listed in Exhibit B.

Fire Facilities Fee Report (Exhibit C to Resolution)

In April 2007, the City Council established the Fire Facilities Impact Fee (FFIF), 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 15, a total of \$160,852 was received from Fire Facilities Impact Fees, including interest, with no expenditure on projects, leaving an ending fund balance of \$517,606. Projects eligible for FFIF funding are listed in Exhibit C.

Police Facilities Fee Report (Exhibit D to Resolution)

In April 2007, the City Council also established the Police Facilities Impact Fee (PFIF) 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; and, the cost of financing.

In FY 15, the fund had a beginning balance of \$519,330. During FY 15, \$238,662 was received from fees, including interest, and \$686,840 in revenue was transferred to the Department of Public Works (Public Works) to fund project implementation. Additionally, \$94,094 in project related expenses was transferred to Public Works, resulting in a fund balance of \$165,246. Funds from PFIF fees were used to support a portion of the cost for the new East Police Station. Projects eligible for PFIF funding are listed in Exhibit D.

Approve recommendation.

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JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER