



Legislation Text

File #: 17-0171, **Version:** 1

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 purpose of the Annual and Five-Year Reports is to provide information to the City Council and the public, and to fulfill State Government Code and Municipal Code mandated reporting and disclosure requirements. In February 2011, the Financial Management Department absorbed the centralized management of the reporting process. Since that time, Financial Management and the departments involved 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 prior fiscal year.

Five-Year Reports

Government Code Section 66001 mandates additional disclosure 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 Monica J. Kilaita on February 14, 2017 and by Assistant Finance Director Lea Eriksen on February 13, 2017.

City Council action is requested on March 14, 2017, as state law requires the information contained in these reports to be made available to the public within 180 days after the last day of the fiscal year, or March 29, 2017.

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, 2016 (FY 16) was \$2,765,051. Impact Fee expenditures in FY 16 totaled \$1,812,276. As of September 30, 2016, the City has a remaining fund balance of \$4,995,773 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 12 - FY 16.

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 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 FY 16, the City issued building permits for 488,853 gross square feet of residential units and 544,342 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. A total of \$891,439 in Transportation Improvement Fund fee revenue, including interest, was received in FY 16 and \$523,796 was expended, leaving an ending fund balance of \$2,287,494. These funds may only be used to provide transportation improvements needed to serve new developments. A summary of projects funded using transportation improvement fee revenues is included in Exhibit A to the Resolution.

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 imposed 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 17, staff is evaluating the current fee amount in conjunction with developing a nexus study. Any fee changes will be brought to the City Council for approval.

In FY 16, \$1,381,515 was received from PRFFs, including interest. During FY 16, \$890,000 in prior year PRFF revenue was transferred to the Civic Center Fund (IS 380) for improvements to Lincoln Park as part of the City's New Civic Center Project and \$243,085 was transferred to the Debt Service Fund (for interest payments on the Open Space Bond) for a total expense of \$1,133,085, leaving a fund balance of \$1,687,489 to be spent in future years on eligible projects.

Fire Facilities Fee Report (Exhibit C to Resolution)

In April 2007, the City Council established the Fire Facilities Impact Fee. This fee imposed on new development is designed 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. A total of \$201,720 in Fire Facilities Impact Fees were collected in FY 16, with \$155,395 expended on projects, leaving an ending fund balance of \$564,879. Funds were used to upgrade the Fire Department's fire station alerting system, support modifications to Fire Stations 1 and 20 to accommodate increased staffing, and procure a fire hose for additional high rise buildings in the City.

Police Facilities Fee Report (Exhibit D to Resolution)

In April 2007, the City Council also established the Police Facilities Impact Fee. This fee imposed on new development is designed 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 16, the fund had a beginning balance of \$165,536. During FY 16, \$290,376 was received from fees with no expenditures, leaving a fund balance of \$455,912.

Approve recommendation.

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JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER