



City Council Meeting Agenda Report

Agenda Item No. 4

SUBJECT: ANNUAL REPORT AND FIVE-YEAR REPORT REGARDING DEVELOPMENT IMPACT FEES

MEETING DATE: December 4, 2023

PREPARED BY: Celeste Reid, Finance Director and Treasurer

RECOMMENDATION: That the City Council receive and file this Annual Report regarding developer impact fees (hereinafter referred to as DIF) and make the findings listed below.

BACKGROUND: Government Code Section 66006 requires local agencies to submit annual reports detailing the status of development impact fees. The annual report must be made available to the public within 180 days after the last day of the fiscal year and must be presented to the public agency as an informational report.

This report summarizes the following information for each of the development fee programs:

- Description of the type of fee in the account or fund
- The amount of the fee
- Beginning and ending fund balances
- Amount of fees collected, and interest earned.
- Identification of public improvements for which fees were expended.
- Identification of any inter-fund transfers or loans from the fund
- Reporting of refunds

To the extent there is an accumulation of fees in any fee category in excess of five years, whereby, the June 30, 2023 ending fund balance amounts exceed mitigation fees collected over five years, from July 1, 2018 - June 30, 2023, Government Code Section 66001 (d) requires the local agency to make certain findings. These findings are as follows:

- Identify the purpose for which the fees will be spent.
- Indicate the fee was appropriately charged by demonstrating a reasonable relationship between the fee and the purpose for which it was charged.
- Identify any other sources and amounts of funding that are necessary to complete improvements.
- Identify the projected timeline for having all projected funding for making the identified improvements.

DISCUSSION: Attached as Exhibit A is a Developer Impact Fee status report reflecting activity for the Fiscal Year 2022-23. A determination has been made, by fee category, as to whether there are mitigation fees remaining unexpended in excess of five years. There are four categories of mitigation

fees with unexpended funds in excess of five years; Flood Control/Drainage, Library Facilities, Law Enforcement Facilities and Park Improvements. Please note that in Street/Traffic Improvement Fund certain non-mitigation revenue and related expenditures including grants and other developer contributions were excluded from the excess revenue calculation. The required findings in each fee category are as follows:

Flood Control/Drainage Fees:

The purpose of the City's Flood Control/Drainage Fees is to construct new flood control facilities to accommodate storm water from new development to serve the City and its residents. The relationship between the fee imposed and the purpose for which it is imposed is to mitigate the impact of new development on the need for flood control facilities that serve new development. The nexus and proportionality for the fee imposed is provided for in the DIF study that was prepared at the time the fees were established. The City hereby incorporates the findings from that study into this report. The City is preparing for the Calimesa Creek Stage III Improvement project. Once completed, the project would provide 100-year flood protection to existing and future development along County Line Road and Calimesa Creek from 5th Street to Interstate 10. The funding sources for the project include an EPA grant which concluded in Fiscal Year 2019-20, Development Impact Fee revenue and a Riverside County Flood Control grant. The City anticipates construction to begin on this project early calendar year 2024, with completion as of June 2025.

Library Fees:

The purpose of the City's Library Facilities Fees is to construct a new library to serve the residents and business within new developments in the City. The relationship between the fee imposed and the purpose for which it is imposed is to mitigate the impact of new development on the need for library services to serve new development. The nexus and proportionality for the fee imposed is provided for in the DIF study that was prepared at the time the fees were established. The City hereby incorporates the findings from that study into this report. The sources of funding for this improvement are identified in the attached DIF status report. Several years ago, the City had completed the initial conceptual design of a new Civic Enrichment Center that would include, new library and city hall facilities. The estimated cost of the construction of the facility was \$6.4 million. However, these costs were updated in the most recent DIF study to include the possibility of a slightly larger facility and alternative location. In addition, it is now planned that a new library and new city hall facilities will be at two separate locations, as opposed to the original concept noted above. The City and County of Riverside have entered a partnership wherein the County would provide the majority of funding and project management staff to contract and construct a new, larger 5,550 square foot library facility on the site of the current library. The City Council agreed to contribute \$1,110,000 of DIF Funds, \$226,285 from the Library Operations Fund and \$77,861 in donations/deposits for a total of \$1,414,146. The balance of funding for the project estimated at an additional \$2.5 million will be paid for by the County of Riverside. It is anticipated the new facility will be completed and available for use by the public by December 2024.

Law Enforcement Fees:

The purpose of the City's Law Enforcement Facilities Fees is to construct a new police services facility in the City to serve the residents and businesses within new developments in the City. The relationship between the fee imposed and the purpose for which it is imposed is to mitigate the impact of new development on the need for law enforcement services to serve that new development. The

nexus and proportionality for the fee imposed is provided for in the DIF study that was prepared at the time the fees were established. The City hereby incorporates the findings from that study into this report. The sources of funding for this improvement are identified in the attached DIF status report. The City currently contracts with the County of Riverside for Sheriff (Police) services. It is anticipated that a facility will be built in the next 10 to 15 years. It is also a possibility that a substation be added at the planned new fire station within the emergency operations center. The City's Law Enforcement Facilities Fees will be expended when law enforcement facility expansion projects move forward.

Park Improvement Fees:

The current purpose of the City's Park Improvement Fees is to construct additional park facilities to serve the City and its residents. The relationship between the fee imposed and the purpose for which it is imposed is to mitigate the impact of new development on the need for additional parks to serve that new development. The nexus and proportionality for the fee imposed is provided for in the DIF study that was prepared at the time the fees were established. The City hereby incorporates the findings from that study into this report. The sources of funding for this improvement are identified in the attached DIF status report. The City owns 2.31 acres of undeveloped parkland referred to as 4th Street Park Phase 2. Initial concepts have been discussed and community input obtained resulting in expansion of the park to include four pickle ball courts, walking trails, an adaptable open sports area, parking lot, maintenance shed and bathrooms. The City Council approved expenditures in total of \$3,283,550 for construction and a contract with a Landscape Architect-Planning firm for 4th Street Park Phase 2 design services. It is anticipated that the new park expansion will be completed and available for use by the public by June 2025.

Fire Facilities, Administrative Facility and Street and Traffic Improvement Fees:

As noted in the attached DIF status Report (Attachment A), there was not an excess of funds in the above referenced categories of funds. As such, no findings are required.

FISCAL IMPACT: There is no fiscal impact to the filing of this annual report.

ATTACHMENTS:

Attachment A: Development Impact Fee Status as of June 30, 2023

Attachment B: Development Impact Fee Table of Fees

CITY OF CALIMESA
ATTACHMENT A

DEVELOPMENT IMPACT FEE STATUS
FISCAL YEAR ENDED JUNE 30, 2023

	Fire Facilities	Flood Control/ Drainage	Administrative Facilities	Library Facilities	Law Enf. Facilities	Street/Traffic Improvement	Park Improvement	Total All Funds
Beginning Fund Balance	\$ (23,899)	\$ 2,997,473	\$ 2,770,658	\$ 1,160,226	\$ 542,563	\$ 1,461,262	\$ 3,325,400	\$ 12,233,683
Revenues:								
Mitigation Fees	233	1,793	1,083	-	258	19,626	-	22,993
Interest Income	2,967	63,584	55,832	26,092	14,105	7,721	74,550	244,851
Other	-	-	-	-	-	5,138,672	-	5,138,672
Total Revenue	\$ 3,200	\$ 65,377	\$ 56,915	\$ 26,092	\$ 14,363	\$ 5,166,019	\$ 74,550	\$ 5,406,516
Expenditures:								
Planning	-	-	-	-	-	-	97,386	97,386
Engineering & Professional Services	-	19,481	-	-	-	356,396	-	375,874
Construction/Improvements	-	-	363,284	(8)	-	5,727,663	-	6,090,947
Vehicles and Equipment	-	-	-	-	-	-	-	-
Administration	5,383	4,636	5,143	(1)	4,632	10,716	4,633	41,244
Debt Service	55,389	(2)	-	-	-	-	-	55,389
Transfers, Loans, Refunds	-	-	-	-	-	-	-	-
Total Expenditures	\$ 60,772	\$ 24,117	\$ 368,427	\$ 6,101	\$ 4,632	\$ 6,094,775	\$ 102,019	\$ 6,660,843
Ending Fund Balance	\$ (81,471)	\$ 3,038,733	\$ 2,459,146	\$ 1,180,217	\$ 552,294	\$ 532,506	\$ 3,297,931	\$ 10,979,356

Mitigation Fees Collected
FY2018-19 to FY2022-23:

\$ 185,444 \$ 2,580,431 \$ 2,473,338 \$ 646,420 \$ 200,656 \$ 1,010,081 \$ 1,156,534

Fund Balance vs. Fees Collected \$ (266,915) \$ 458,302 \$ (14,192) \$ 533,797 \$ 351,638 \$ (477,575) \$ 2,141,397

Accumulation in Excess of 5 Years No Yes Yes No Yes No No Yes

- (1) Fees expended for administration of mitigation fee program related activities.
- (2) Expenditures are related to vehicles for the Fire Department.
- (3) Expenditures are related to the Calimesa Creek Project.
- (4) Prior period adjustments are included in Beginning Fund Balance.
- (5) Other revenues include grant revenue, governmental, and developer contributions. This revenue and related expenditures (net -0- effect) have been excluded from excess revenue calculation.
- (6) Expenditures relate to several road construction projects including Cherry Valley Interchange, Calimesa Roundabouts project, Singleton Interchange and other.
- (7) The City of Calimesa is preparing for the 4th Street Park Expansion project, expenditures relate to Landscape Architect.
- (8) The City of Calimesa expanded office facilities at the City Hall complex, the project was completed in August 2022.

City of Calimesa

908 Park Avenue, Calimesa, California 92320
Telephone 909.795.9801 Facsimile 909.795.4399

www.cityofcalimesa.net

"Preserving and enhancing the open space atmosphere and quality of life in Calimesa"



City Development Impact Fees*

Land Use Categories	Total Per Unit or Square Foot	Multiply	Number of Units or Square Feet	Equals	Subtotals
Detached Dwelling	\$18,869.00	Per Unit	X	=	
Attached Dwelling	\$13,545.00	Per Unit	X	=	
Mobile Home	\$11,461.00	Per Unit	X	=	
Senior Restricted	\$8,411.00	Per Unit	X	=	
Assisted Living	\$7,479.00	Per Unit	X	=	
Commercial	\$3,025.00	Per Unit	X	=	
Retail/Service/Office	\$7.716	Per square foot	X	=	
Industrial/Business	\$3.407	Per square foot	X	=	
Institutional Uses	\$6.359	Per square foot	X	=	

*City Development Impact Fees are paid to the City of Calimesa and are due prior to building permit issuance.

Multi-Species Habitat Conservation Plan Fees**

Fee Category	MSHCP Fee Total Per Unit or Acre	Multiply	Number of Dus / Acres	Equals	Subtotals
Residential					
0-8 du/acre	\$3,635.00	Per Unit	X	=	
8-14 du/acre	\$1,515.00	Per Unit	X	=	
14+ du/acre	\$670.00	Per Unit	X	=	
Commercial	\$16,358.00	Per Acre	X	=	
Industrial	\$16,358.00	Per Acre	X	=	

**MSHCP fees are paid to the City of Calimesa and are due prior to grading or building permit issuance.

Transportation Uniform Mitigation Fees***

The online fee calculator tool allows stakeholders to input project-specific information and receive fee obligation estimates for development projects: <http://tools.pbid.com/wrcog/>

***TUMF is paid to the Western Riverside Council of Governments and is due prior to certificate of occupancy.