



City Council Meeting Agenda Report

Agenda Item No. 10

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

MEETING DATE: December 2, 2024

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, 2024 ending fund balance amounts exceed mitigation fees collected over five years, from July 1, 2019 - June 30, 2024, 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 2023-24. A determination has been made, by fee category, as to whether there are mitigation fees remaining unexpended in excess of five years. There are five categories of mitigation fees with unexpended funds in excess of five years; Flood Control/Drainage, Administrative Facilities, 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 for several capital projects. 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 in 2025.

Administrative Facilities

The purpose of the City's Administrative Facilities fees is to support City administrative capacity to serve the residents and businesses as the City grows due to new developments, in the form of a new City Hall. 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 City Administrative facilities 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. The City is currently working with available resources which includes the mitigation fees to support future City Hall expansion. The City anticipates proposed new facilities to begin in Fiscal Year 2026.

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. 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 June 2025.

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 Mountainview 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 Mountainview 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.

Street/Traffic Improvement Fees

The purpose of the City's Street and Traffic Fees as new development contributes to cumulative city-wide traffic impacts. 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 new streets and additional capacity on existing streets 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 use of mitigation fees includes the LPP Roundabout Project which creates Roundabouts on County Line Road, as well as a multilane roundabout at County Line Road and Calimesa Blvd. This project is funded in part through mitigation fees and grant revenue. The anticipated completion date for the LPP Roundabout Project is March 2025, and the estimated completion date for the multilane roundabout at County Line Road and Calimesa Blvd is December 2025.

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

ATTACHMENTS:

Attachment A: Development Impact Fee Status as of June 30, 2024

Attachment B: Development Impact Fee Table of Fees

ATTACHMENT A

**CITY OF CALIMESA
DEVELOPMENT IMPACT FEE STATUS
FISCAL YEAR ENDED JUNE 30, 2024**

	Fire Facilities	Flood Control/ Drainage	Administrative Facilities	Library Facilities	Law Enf. Facilities	Street/Traffic Improvement	Park Improvement	Total All Funds
Beginning Fund Balance	\$ (81,471)	\$ 3,038,733	\$ 2,459,146	\$ 1,180,217	\$ 552,294	\$ 532,506	\$ 3,297,931	\$ 10,979,356
Revenues:								
Mitigation Fees	-	-	-	-	-	-	-	-
Interest Income	3,087	118,840	101,726	48,987	22,451	23,894	135,560	454,545
Other & Governmental Revenue	-	3,012,476	-	-	-	1,312,208	161,000	4,485,684
Total Revenue	\$ 3,087	\$ 3,131,316	\$ 101,726	\$ 48,987	\$ 22,451	\$ 1,336,102	\$ 296,560	\$ 4,940,229
Expenditures:								
Planning	-	-	-	-	-	-	137,341	137,341
Engineering & Professional Services	-	24,503	-	-	-	281,955	-	306,455
Construction/Improvements	-	3,197,863	45,000	(8)	-	699,320	-	3,942,203
Vehicles and Equipment	-	-	-	-	-	-	-	-
Administration	6,184	5,184	5,984	5,184	5,184	9,384	5,184	42,288
Debt Service	57,021	(2)	-	-	-	-	-	57,021
Transfers, Loans, Refunds	-	-	-	-	-	-	-	-
Total Expenditures	\$ 63,205	\$ 3,227,570	\$ 50,984	\$ 5,184	\$ 5,184	\$ 990,659	\$ 142,525	\$ 4,485,311
Ending Fund Balance	\$ (141,589)	\$ 2,942,479	\$ 2,509,888	\$ 1,224,020	\$ 569,561	\$ 877,949	\$ 3,451,966	\$ 11,434,274

**Mitigation Fees Collected
FY2019-20 to FY2023-24:**

\$ 145,074 \$ 1,857,541 \$ 1,777,539 \$ 459,142 \$ 147,516 \$ 821,380 \$ 769,978

Fund Balance vs. Fees Collected

\$ (286,663) \$ 1,084,938 \$ 732,349 \$ 764,878 \$ 422,045 \$ 56,569 \$ 2,681,988

Accumulation in Excess of 5 Years

No Yes Yes Yes Yes Yes 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 fund contains several capital project from which are funded by other sources than DIF Fees
- (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 Mountainview Street Park Expansion project, expenditures relate to Landscape Architect.
- (8) The City of Calimesa DIF fund provided funding for City Hall improvements to expand capacity and use of facility.

City of Calimesa

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"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.