



# CITY COUNCIL MEETING AGENDA REPORT AGENDA ITEM NO. 10

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

**MEETING DATE:** December 6, 2021

**PREPARED BY:** Celeste Reid, Finance Director

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**RECOMMENDATION:** It is recommended 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.

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**SUMMARY:** 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 (City Council) 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 the interest earned
- Identification of public improvements for which fees were expended
- Identification of any inter-fund transfers or loan made from the fund
- Any refunds made

In addition, to the extent there is an accumulation of fees in any fee category in excess of 5 years (in other words, current fund balance exceeds the amount of mitigation fees collected over the past 5 years), Government Code Section 66001 (d) requires the local agency to make certain findings. These 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

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**DISCUSSION:** Attached, as Exhibit A, is a DIF status report reflecting activity for the 2020-21 Fiscal Year: As part of that report, a determination is made, by fee category, as to whether there are mitigation fees remaining unexpended for 5 years or more. As indicated in Exhibit A, there are 5 categories of mitigation fees with unexpended funds in excess of 5 years; namely Flood Control/Drainage, Administrative Facilities, Library facilities, Law Enforcement Facilities and Park Improvements. Please note that in both the Flood Control/Drainage Fund and Traffic Improvement Fund certain non-mitigation revenue (i.e., grants and other developer

contributions) was 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 sources of funding for this improvement are identified in the attached DIF status report. The City is currently working on the Calimesa Creek project. The project was not completed in 2020-21 and will continue into 2021-22. The funding sources include an EPA grant which concluded in 2019-20, Development Impact Fee revenue and a Riverside County Flood Control grant. It is anticipated that in the next 24 months, the project will be completed. The project will require significant DIF funds to be expended during that time period.

The Flood Control Drainage Fee fund also completed a project within the fiscal year 2020-21 for the Old Roberts Road Storm drain and pavement failure. This project was completed as of June 30, 2021.

### **Administrative Facilities Fees:**

The purpose of the City's Administrative Facilities Fees is to construct a City Hall to serve the residents and business as the City grows due to new developments. 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 offices 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, among other things, 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 (2017) to include the possibility of a slightly larger facility and alternative location. In addition, it is now anticipated that a new library and city hall facilities will be at 2 separate locations, as opposed to the original concept noted above. Depending on ultimate site location and facility design, the current estimated cost of new city hall facilities is between \$10 million and \$16 million. It is anticipated that this improvement will be constructed in the next 5 to 7 years and during that time the City's collected Administrative Facilities Fees would be expended for that purpose.

### **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, among other things, 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 anticipated that a new library and city hall facilities will be at 2 separate locations, as opposed to the original concept noted above. Depending on ultimate site location and facility design, the current estimated cost of a new library facility is between \$4 million and \$6 million. During fiscal year 2020-21, City staff developed and presented alternatives for a new library facility assuming a replacement facility at the current location. The discussions are preliminary and if the process proceeds, it is anticipated the library may be constructed within 2 to 5 years. The City's collected Library Facilities Fees would be expended for the purpose of a construction of a new library.

### **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. The City has not grown as expected over the last several years. Any significant growth began in 2018-19. As such, building a facility has been delayed. It is anticipated that a facility will be built in the next 10 to 15 years and that the City's Law Enforcement Facilities Fees will be expended during that period.

### **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 currently owns 2.31 acres of undeveloped parkland referred to as 4<sup>th</sup> Street Park Phase 2. Initial concepts have been discussed and community input obtained in fiscal year 2021-22 for this property. There remains considerable process, discussions and approvals required to proceed with development of this park expansion. To date, the City has accumulated Park Improvement funds of \$3,323,286.

### **Fire Facilities Fees and Street and Traffic Fees:**

As noted in the attached DIF status Report, there was not an excess of funds in the Fire Facilities Fund or the Street and Traffic Improvement Fund. As such, no findings are required to be made.

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### **ATTACHMENTS:**

Attachment A: Development Impact Fee Status

Attachment B: Development Impact Fee Table of Fees

**CITY OF CALIMESA  
DEVELOPMENT IMPACT FEE STATUS  
FISCAL YEAR ENDED JUNE 30, 2021**

**EXHIBIT A**

	Fire Facilities	Flood Control/ Drainage	Administrative Facilities	Library Facilities	Law Enf. Facilities	Street/Traffic Improvement	Park Improvement	Total All Funds
<b>Beginning Fund Balance</b>	\$ 31,942	\$ 2,297,188	\$ 2,290,453	\$ 940,842	\$ 479,836	\$ 1,731,044	\$ 2,937,156	\$ 10,708,461
<b>Revenues:</b>								
Mitigation Fees	67,416	682,094	742,477	194,530	56,192	64,234	374,448	2,181,391
Interest Income	1,158	14,034	14,661	5,697	2,322	8,165	17,238	63,275
Other	-	172,135 (5)	-	-	-	758,838 (5)	-	930,973
<b>Total Revenue</b>	\$ 68,574	\$ 868,263	\$ 757,138	\$ 200,227	\$ 58,514	\$ 831,237	\$ 391,686	\$ 3,175,639
<b>Expenditures:</b>								
Planning	-	-	-	990	-	-	-	\$ 990
Engineering & Professional Services	-	23,034 (3)	11,038	-	-	967,256 (6)	-	1,001,328
Construction/Improvements	-	222,464 (4)	225,300 (7)	-	-	-	-	447,764
Vehicles and Equipment	16,077 (2)	-	-	-	-	-	-	16,077
Administration	4,564 (1)	15,602 (1)	5,630 (1)	3,359 (1)	3,424 (1)	18,819 (1)	5,556 (1)	56,954
Debt Service	49,467 (2)	-	-	-	-	-	-	49,467
Transfers, Loans, Refunds	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	\$ 70,108	\$ 261,100	\$ 241,968	\$ 4,349	\$ 3,424	\$ 986,075	\$ 5,556	\$ 1,572,580
<b>Ending Fund Balance</b>	\$ 30,408	\$ 2,904,351	\$ 2,805,623	\$ 1,136,720	\$ 534,926	\$ 1,576,206	\$ 3,323,286	\$ 12,311,520

**Mitigation Fees Collected**

**2016-17 to 2020-21:**      \$ 369,371      \$ 2,681,438      \$ 2,570,191      \$ 747,640      \$ 280,993      \$ 1,166,433      \$ 1,794,692

**Fund Balance vs. Fees Collected**      \$ (338,963)      \$ 50,778      \$ 235,432      \$ 389,080      \$ 253,933      \$ (349,065)      \$ 1,528,594

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

- (1) Fees expended for administration
- (2) All expenditures are related to vehicles and equipment for the Fire Department.
- (3) All expenditures are related to the Calimesa Creek Project.
- (4) This expenditure relates to the Roberts Road Storm Drain project.
- (5) This revenue is not mitigation fee revenue, it is grant revenue or other developer contributions. This revenue has not been included in the excess revenue calculation.
- (6) All expenditures are for design/engineering related to the County Line Road Improvements, Cherry Valley Interchange, and Singleton Road Interchange.
- (7) The City installed a new backup generator system for the municipal services complex and retrofitted the existing generator. The project completed in July 2021.

**DIF Calculation Handout**

Land Use Categories	City Fees							Total Per Unit or Square	Multiply	Number of Units or Square	Equals	Subtotals
	Law Enforcement Facilities	Fire Protection Facilities	Streets and Traffic Facilities	Storm Drainage Facilities	General Government Facilities	Library Space and Collection Items	Parkland and Park Improvements					
	35-0000-4405	31-0000-4405	36-0000-4405	32-0000-4405	33-0000-4405	34-0000-4405	39-0000-4405					
Detached Dwelling	\$224.00	\$837.00	\$3,852.00	\$3,682.00	\$3,024.00	\$794.00	\$6,456.00	\$18,869.00	Per Unit	X	=	
Attached Dwelling	\$213.00	\$1,122.03	\$2,353.00	\$382.00	\$2,870.00	\$723.00	\$5,882.00	\$13,545.00	Per Unit	X	=	
Senior Restricted	\$85.00	\$1,732.00	\$1,404.00	\$163.00	\$2,014.00	\$330.00	\$2,683.00	\$8,411.00	Per Unit	X	=	
Assisted Living	\$85.00	\$1,391.00	\$1,157.00	\$163.00	\$1,948.00	\$300.00	\$2,435.00	\$7,479.00	Per Unit	X	=	
Commercial	\$81.00	\$298.00	\$2,031.00	\$439.00	\$176.00	\$0.00	\$0.00	\$3,025.00	Per Unit	X	=	
Retail/Service/Office	\$0.157	\$0.055	\$6.762	\$0.551	\$0.191	\$0.00	\$0.00	\$7.716	per square foot	X	=	
Industrial/Business	\$0.021	\$0.038	\$2.734	\$0.423	\$0.191	\$0.00	\$0.00	\$3.407	per square foot	X	=	
Institutional Uses	\$0.031	\$0.030	\$5.590	\$0.517	\$0.191	\$0.000	\$0.000	\$6.359	per square foot	X	=	

City DIF Subtotal \_\_\_\_\_

**MSHCP Fees**

42-0000-4449

Fee Category	Fee	Per Dwelling or Acre	Multiply	Number of Dwellings or Acres	Equals	Subtotals
Residential						
0-8 du/acre	\$2,168.00	Per Unit	X		=	
8-14 du/acre	\$1,388.00	Per Unit	X		=	
14+ du/acre	\$1,127.00	Per Unit	X		=	
Commercial	\$7,382.00	Per Acre	X		=	
Industrial	\$7,382.00	Per Acre	X		=	

MSHCP Subtotal \_\_\_\_\_

**TUMF Fees\***

41-0000-4449

\*Effective May 1, 2019 - TUMF fees are calculated and collected directly by the Western Riverside Council of Governments.

	<i>Subtotal Sum</i>		
	City DIF Subtotal	_____	
	MSHCP Subtotal	_____	+
	*TUMF Subtotal	_____	
		Paid Directly to WRCOG	
=	<b>Grand Total</b>	_____	

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Please Note - Development Impact Fee Payments will not be accepted without the following signature:

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Date \_\_\_\_\_

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Kelly Lucia, Planning Manager

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