



City Council Meeting Agenda Report

Agenda Item No. 7

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

MEETING DATE: November 7, 2022

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 (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

DISCUSSION: Attached, as Exhibit A, is a DIF status report reflecting activity for the 2021-22 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 Street/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 2021-22 and will continue into 2022-23. 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.

Administrative Facilities Fees:

The purpose of the City's Administrative Facilities Fees is to construct a City Hall to serve the residents and businesses 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 planned that a new library and new city hall facilities will be at 2 separate locations, as opposed to the original concept noted above. Land is being dedicated to the City for a new city hall site, however, construction of a new facility is currently estimated at a cost of \$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.

It should also be noted, that during fiscal year 2021-22, the City Council approved an expansion of the current city hall facilities in the amount of \$528,484. During fiscal year 2021-22, only \$134,546 was expended. The balance will be spent in fiscal year 2022-23.

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 planned that a new library and new city hall facilities will be at 2 separate locations, as opposed to the original concept noted above.

The City currently owns property adjacent to the existing library. During 2021-22, the City and County of Riverside entered into a partnership wherein the County would work with the City to provide a new, much larger library facility on the site adjacent to 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. It is anticipated that facility will be completed in the next 18 months.

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 significantly since incorporation until recently. 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. It is also a possibility that a substation could be added at the planned new fire station in the interim. The City's Law Enforcement Facilities Fees will be expended when appropriate 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 currently owns 2.31 acres of undeveloped parkland referred to as 4th Street Park Phase 2. Initial concepts have been discussed and community input obtained in fiscal year 2021-22 for this property. To date, the City has accumulated Park Improvement funds of \$3,325,402. Subsequent to June 30, 2022, the City Council approved a contract with a Landscape Architect-Planning firm in the amount of \$244,960 for 4th Street Park Phase 2 design services.

Fire Facilities Fees and Street and Traffic Fees:

As noted in the attached DIF status Report (Attachment A), 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.

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

ATTACHMENTS:

Attachment A: Development Impact Fee Status

Attachment B: Development Impact Fee Table of Fees

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.

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.