



City Council Staff Report

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| Agenda Item: | <u>G.3</u> |
| Date: | <u>December 15, 2020</u> |
| Department: | <u>Finance</u> |

AGENDA TITLE: 2020 Annual Report of Development Impact Fee Funds Per AB1600 (Government Code Sections 66000 and Following)

RECOMMENDATION:

Staff recommends that the City Council: (1) Receive and file the City of Orinda Annual Report of Development Impact Fee Funds for the year ended June 30, 2020.

BACKGROUND:

The City of Orinda, like many other local agencies, levies fees (“development fees”) on new development within the City in order to fund public capital improvements necessitated by such development. The California Mitigation Fee Act, commonly known as AB1600 (Government Code Sections 66000 and following), imposes certain accounting and reporting requirements on local agencies that collect development fees. The State Law establishes required elements to include in the annual report and also requires that the information be included on an agenda at a public meeting.

DISCUSSION:

The Administrative Services Director has reviewed the fees enacted by the City of Orinda that qualify as Impact Fees under the provisions of the State Code. The following development fees were determined to be covered by the Mitigation Fee Act:

- Transportation Impact Fees
- Drainage Impact Fees
- Park Dedication Fees

In addition to this report the financial activity associated with all development impact fee funds are treated as individual Special Revenue Funds, and reported discretely as part of the Comprehensive Annual Financial Report and Audit.

The Mitigation Fee Act mandates that for accounting purposes, development fees must be segregated from the general funds of the City and from other funds containing fees collected for other improvements. Interest on each development fee fund must be credited to that fund and used only for the purposes for which the fees were collected.

The Mitigation Fee Act also requires that, within 180 days after the close of the fiscal year, the City must make available to the public the following information regarding each of its development fee funds:

- A brief description of the type of development fee.
- The amount of the development fee.
- The beginning and ending fund balance for the fiscal year.

- The amount of development fees collected and interest earned.
- An identification of each public improvement on which development fees were expended together with the amount of such expenditures, including the total percentage of the cost of the public improvement that was funded with fees.
- Information regarding the schedule for commencement of certain public improvements to be funded with development fees.
- A description of any inter-fund transfers or loans made from the fund.
- The amount of any refunds made.

High Level Summary Of Impact Fee Fund Activities Fiscal Year 2019 - 2020

Details of activity for each of the fees are displayed in the Annual Report (Attachment A). The following is a high level summary of the activity for the year including the beginning and ending balances:

ANNUAL REPORT OF DEVELOPER FEES BY CATEGORY (7/1/2019 - 6/30/2020)

| Development Impact Fee | Beginning Balance (7/1/2019) | Additions: Fees, Interest, Other Revenue | Expenses: Project Costs | Ending Balance (6/30/2020) |
|-------------------------------|-------------------------------------|---|--------------------------------|-----------------------------------|
| Transportation | \$ 957,432 | \$ 61,228 | \$ (73,172) | \$ 945,487 |
| Drainage | 1,456,619 | 258,769 | (291,944) | \$ 1,423,444 |
| Park Dedication | 1,185,953 | 125,179 | (54,103) | \$ 1,257,029 |
| TOTAL | \$ 3,600,003 | \$ 445,176 | \$ (419,219) | \$ 3,625,961 |

Funds Remaining Unexpended More Than 5 Years

One of the provisions in the State law regulating development fees is to regularly review funds collected and held for more than five years without being expended. At the City Council meeting of December 19, 2017 the City Council adopted Resolution No. 90-17. The resolution made findings regarding the continued retention of funds held for more than five years, in order to complete planned projects. The next action and analysis based on the need for a review each five years, will be completed with the Fiscal Year 2021-2022 Report.

Noticing Requirements

Government Code Section 66006(b)(2) requires the report to be included on the City Council meeting agenda at a public meeting not less than 15 days after the information was made available. Staff previously made available to the public a draft copy of this report on November 23, 2020. A Notice of Availability of the Report was posted in the established City notice posting locations. In addition the Government Code Section requires that the notice of the meeting shall be mailed, at least 15 days prior to the meeting, to any interested party who files a written request with the local agency for mailed notice of the meeting. The City provided a notice to the Building Industry Association of the Bay Area.

NEXT STEPS:

The City Clerk is to retain this report in the official records of the City.

FISCAL IMPACT:

The adopted 2020-2024 Capital Improvement Plan (CIP) includes combined estimated expenditures in the three Impact Fee funds of approximately \$3.6 million over the next four years (See Attachment B). The CIP is a short range plan and actual appropriations are made as part of the Annual Budget for projects in the upcoming year. The Annual Update to the CIP to be presented in 2021 and will take into account updated balances.

ATTACHMENTS:

- A. 2020 Orinda Annual Impact Fee Report
- B. Impact Fee Projects Next 4 Years 2021-2024

Respectfully Submitted by:
Paul Rankin
Administrative Services Director

Prepared By: Paul Rankin, Administrative Services Director

Approved by:

Steve Salomon
Steve Salomon, City Manager 11/23/2020

CITY OF ORINDA
ANNUAL REPORT OF DEVELOPMENT IMPACT FEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (Report Available to Public November 23, 2020 and
 Included on City Council Public Meeting Agenda December 15, 2020)

A. DESCRIPTION OF THE CITY'S IMPACT FEES - Section 66006(b)(1)(A) CGC

The City of Orinda has established the following Development Impact Fee Funds which are subject to annual reporting as part of the Mitigation Fee Act provisions in California Government Code (CGC) Section 66000 et seq.:

- Transportation Improvement Program Fee (Local Portion) as described in Chapter 3.20 of the Orinda Municipal Code.

This fund accounts for the Transportation Impact fee imposed on new development to help fund and pay for the construction of needed expansion or offsite capital improvements for roads, bikeways, sidewalks and traffic signals.

- Drainage Impact Fees as described in Chapter 3.24 of the Orinda Municipal Code.

This fund accounts for the Drainage Impact fee imposed on new development to help pay for a drainage master plan and the construction of improvements recommended in the plan.

- Park Dedications and Improvement Fees as described in Chapter 3.28 of the Orinda Municipal Code.

This fund accounts for the Park Dedication fee imposed on development to provide funding for acquiring new parklands, building new recreational facilities, and rehabilitating or replacing existing parks and recreation facilities to enable those facilities to provide services to new residents and to offset the loss of private residential recreational and visual open space.

B. AMOUNTS CHARGED BY THE CITY FOR IMPACT FEES - Section 66006(b)(1)(B) CGC

The amounts charged for the impact fees noted above are dependent upon the type and size of a particular development and were based upon related studies, as adjusted over the years by the CPI. The City Council has adopted and imposed the subject fees and the rates applied as of June 30, 2020 are shown in the table on the following page.

CITY OF ORINDA
ANNUAL REPORT OF DEVELOPMENT IMPACT FEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (Report Available to Public November 23, 2020 and
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AMOUNT OF INDIVIDUAL DEVELOPMENT FEES
(Resolution # 40-19 Effective October 18, 2019 – Drainage and Park Dedication Fee;
Resolution # 08-20 Effective January 1, 2020 – Transportation Impact Fee)

| FEE | CALCULATION METHOD | \$ AMOUNT |
|--|---|--|
| Transportation (Local Portion) Regional Portion is a pass-through administered by JPA. | Residential – Per Unit | Single Family \$4,027.60 Multi-Family / 2 nd Unit \$2,819.15 |
| | Transit Oriented MF – Per Unit | Multi-Family / Transit \$1,494.34 |
| | Non-Residential – Per Sq. Ft. | Non-Residential \$4.31 / sq. ft. |
| | Other – Per Trip Generated | Other \$443.27 per trip |
| | | |
| Drainage Fee | Impervious surface added by new development | \$1.46 per square foot in excess of 100 feet. |
| Park Dedication Fee | Per Residential Unit | Single Family (SF) Detached \$17,358 |
| | | SF Attached or Townhouse \$11,794 |
| | | Multi-Family Duplex or Condominium |
| | | \$12,113 per unit |
| | | |

C. ACCOUNTING FOR IMPACT FEE REVENUE - Section 66006(b)(1)(C-D) CGC

As provided for under State Law the City must account in each of the Impact Fee Funds for: Beginning Balance; Fees Collected, Interest and other Revenue; Expenditures; and the Ending Balance. If there were any inter-fund loans or transfers those must also be disclosed. The City did not have any loans or inter-fund transfer transactions in the Fiscal Year ending June 30, 2020. The following table displays the accounting information required.

Fiscal Year 2019-2020 Impact Fee Beginning and Ending Balances
(Including Revenue by type and Total Expenditures)

| | Transportation | Drainage | Park Dedication |
|---------------------------------------|----------------|-----------------|-----------------|
| Beginning Balance (7/1/2019) | \$ 957,431.53 | \$ 1,456,618.67 | \$ 1,185,953.04 |
| Fees Collected (7/1/2019 - 6/30/2020) | 40,942.70 | 226,061.79 | 99,345.00 |
| Interest Revenue | 20,285.17 | 32,707.62 | 25,834.20 |
| (Less: 2019-2020 Expenditures) | (73,172.03) | (291,943.81) | (54,103.18) |
| Ending Balance (6/30/2020) | \$ 945,487.37 | \$ 1,423,444.27 | \$ 1,257,029.06 |

CITY OF ORINDA
ANNUAL REPORT OF DEVELOPMENT IMPACT FEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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D. Fund Expenditures By Project - Section 66006(b)(1)(E) CGC

The Mitigation Fee Act requires the City to disclose additional information related to the project expenditures from each of the Impact Fee Funds. Specifically, the report must identify:

- each public improvement on which fees were expended;
- the amount of the expenditures on each improvement; and
- the total percentage of the cost of the public improvement that was funded with impact fees.

The tables below provide the additional detail for each of the funds.

FISCAL YEAR 2019-2020 (July 1, 2019 - June 30, 2020)
Impact Fee Expenditures By Project

Fund #205 Transportation Impact Fees:

| Project Name | Proj # | Impact Fees | Other Funds | Total Expense | % Paid By Fees |
|--|--------|------------------|-------------------|-------------------|----------------|
| Crossroads/BART Wayfinding | 0023 | 56,603.71 | 25,431.39 | 82,035.10 | 69% |
| Miner Road Bridge Rehab | 0044 | 15,299.83 | 120,989.28 | 136,289.11 | 11% |
| Annual Bicycle Trails, Walkway | 4109 | 50.00 | - | 50.00 | 100% |
| Crosswalk - Moraga Wy @ Brookside | 4137 | 77.49 | 64,922.52 | 65,000.01 | 0.12% |
| Ped Path Martha Rd-Catherine | 4140 | 1,141.00 | - | 1,141.00 | 100% |
| Total Transportation Fee Projects | | 73,172.03 | 211,343.19 | 284,515.22 | 26% |

Fund #210 Drainage Impact Fees:

| Project Name | Proj # | Impact Fees | Other Funds | Total Expense | % Paid By Fees |
|------------------------------------|--------|-------------------|------------------|-------------------|----------------|
| Master Drainage Study | 4092 | 55,854.62 | - | 55,854.62 | 100% |
| Annual Drainage Maintenance Repair | 4111 | 84,324.95 | 48,531.89 | 132,856.84 | 63% |
| Annual Storm Drain Improvement | 4162 | 151,764.24 | - | 151,764.24 | 100% |
| Total Drainage Fee Projects | | 291,943.81 | 48,531.89 | 340,475.70 | 86% |

Fund #240 Park Dedication Fees:

| Project Name | Proj # | Impact Fees | Other Funds | Total Expense | % Paid By Fees |
|---|--------|------------------|-----------------|------------------|----------------|
| Resurface Community Park Tennis Courts | 4052 | 15,595.72 | - | 15,595.72 | 100% |
| Community Center Accessibility | 4086 | 2,802.68 | - | 2,802.68 | 100% |
| Community Park Pathway Improvement | 4142 | 24,876.78 | - | 24,876.78 | 100% |
| Auditorium Fire Sprinkler | 4156 | 6,145.00 | 3,000.00 | 9,145.00 | 67% |
| Library Fountain | 4157 | 4,683.00 | - | 4,683.00 | 100% |
| Total Park Dedication Project Expenses | | 54,103.18 | 3,000.00 | 57,103.18 | 95% |

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ANNUAL REPORT OF DEVELOPMENT IMPACT FEES
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E. IMPACT FEE LOANS / TRANSFERS AND REFUNDS Section 66006(b)(1)(G-H) CGC

As provided for in Government Code Sections 66006(b)(1)(G and H) the City is also required to disclose:

- Any inter-fund transfers or loans made from the Impact Fee Fund.
 - Including how transferred or loaned fees were expended; and
 - If the transaction is a loan when it will be repaid and the rate of interest.
- Any refunds of fees granted.

There were no inter-fund transfers or loans involving the listed Impact Fees. Likewise the City did not issue any refunds for the year ending June 30, 2020.

F. ANALYSIS OF FUNDS HELD FOR 5 OR MORE YEARS - Section 66001(d) CGC

The Mitigation Fee Act also contains a separate requirement to evaluate every five years balances held and make certain additional disclosures. The purpose of the review is to identify monies that have been collected and held for a period of more than five years and to make appropriate disclosures.

At the City Council meeting of December 19, 2017 the City Council adopted Resolution No. 90-17. The resolution made findings regarding the continued retention of funds held for more than five years, in order to complete planned projects. The next action and analysis based on the need for a review each five years, will be completed with the Fiscal Year 2021-2022 Report.

**PLANNED IMPACT FEE EXPENDITURES NEXT 4 YEARS
PER CITY OF ORINDA CIP 2020-2024
ADOPTED JULY 21, 2020**

| | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 | CIP 4 YEAR TOTAL |
|--|------------------|------------------|-----------------|-----------------|---------------------|
| 205 TRANSPORTATION IMPACT FEES | | | | | |
| Miner Road Bridge Seismic Retrofit Project | \$ 20,000 | \$ - | \$ - | \$ - | |
| Annual Bicycle, Trails, and Walkways Program | 17,500 | 17,500 | 17,500 | 17,500 | |
| Martha Rd-Catherine Ct-Ped Path | 38,860 | - | - | - | |
| 2020 Annual Pavement Project | 45,000 | - | - | - | |
| Ped Path Moraga Wy El Camino Moraga To Altamount | - | 164,200 | | | |
| Ped Crossing Improvement Glorietta at Virginia | 50,000 | | - | - | |
| Total Traffic Impact Fees | \$171,360 | \$181,700 | \$17,500 | \$17,500 | \$388,060 |

| 210 DRAINAGE IMPACT FEES | | | | | |
|--|------------------|------------------|------------------|------------------|--------------------|
| Storm Drain Plan & Inventory | \$ 100,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | |
| Storm Drain Liner Ivy Dr (48 in) | 40,000 | 130,000 | - | - | |
| Annual Drainage Facilities Improvement Program | 150,000 | 150,000 | 150,000 | 120,000 | |
| Moraga Wy and Coral | 93,000 | 100,000 | 773,900 | - | |
| Total Drainage | \$383,000 | \$430,000 | \$973,900 | \$170,000 | \$1,956,900 |

| 240 PARK DEDICATION FEES | | | | | |
|---|------------------|------------------|-----------------|-----------------|--------------------|
| Community Center Window Replacement | \$ - | \$ 85,000 | \$ - | \$ - | |
| Community Center HVAC | 50,000 | - | - | - | |
| Resurface Community Park Tennis Courts | 192,500 | - | - | - | |
| Wilder Field #4 Synthetic Turf | 75,000 | | | | |
| Community Center Accessibility Improvements | 100,000 | 25,000 | 25,000 | 25,000 | |
| Mini Park (Crossroads Park) | 75,000 | - | - | - | |
| Community Park Renovation Plan & Improvements | 215,000 | 275,000 | - | - | |
| Community Center Roof Replacement | 75,000 | - | - | - | |
| St. Stephens Trail and Drainage Improvements | - | 15,000 | 65,000 | - | |
| Total Park Dedication | \$782,500 | \$400,000 | \$90,000 | \$25,000 | \$1,297,500 |

GRAND TOTAL PLANNED EXPENDITURES **\$3,642,460**