



Legislation Text

File #: 18-611, **Version:** 1

Report Prepared by: Steven C. Son, P.E., City Engineer

SUBJECT: Public Hearing - Adoption of Resolution Accepting the Annual Report on Development Impact Fees for Fiscal Year 2017/2018 as Required By Government Code Section 66006(b)

REPORT IN BRIEF

Considers adopting a Resolution of the City Council of the City of Merced accepting the City's Annual Compliance Report for Development Impact Fees (AB 1600) as required by Government Code section 66006(b).

RECOMMENDATION

City Council - Adopt a motion:

- A. Accepting the Annual Compliance Report for Development Impact Fees for Fiscal Year 2017/2018 which contains the information required by California Government Code Section 66006(b); and,
- B. Adopting **Resolution 2018-85**, a Resolution of the City Council of the City of Merced, California, accepting the Fiscal Year 2017/2018 Development Impact Fees Annual Report as required by California Government Code Section 66006(b).

ALTERNATIVES

- 1. Adopt the resolution as recommended; or,
- 2. Adopt, subject to conditions other than recommended (identify specific findings and/or conditions amended to be addressed in the motion); or,
- 3. Deny; or,
- 4. Refer to staff for reconsideration of specific items (specific items to be addressed in the motion); or,
- 5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Government Code Section 66001 et seq.

CITY COUNCIL PRIORITIES

Not applicable.

DISCUSSION

California Government Code Section 66006 requires an annual accounting of developer impact fees to be made available to the public within 180 days of the City's fiscal year end. The information must

be presented to the City Council at least 15 days after it is made available to the public.

On November 21, 1988, the City Council adopted Resolution No. 88-72, establishing its first AB 1600 development fee plan for water, sewer, and road impacts. The City's Public Facilities Financing Plan ("PFFP"), adopted in May 1998, along with the Public Facilities Impact Fees (Ordinance No. 1989 Merced Municipal Code 17.62) were implemented to fund needed capital facilities and infrastructure (e.g., arterial streets, traffic signals, bridges, railroad under-crossings, fire stations, police facilities, community parks, bikeways) generated by new development over the next 20 years. The purpose of development impact fees is to finance the design, construction and acquisition of facilities and equipment necessary to accommodate future development within the City. The PFFP and fees were comprehensively updated in July 2003 (City Ordinance No. 2130), March 2006 (City Ordinance No. 2232), September 2009 (City Ordinance No. 2340), and December 2012 (City Ordinance No. 2400).

Requirements of the Law

A Development Impact Fee is a monetary exaction other than a tax or special assessment that is charged by a local governmental agency to an applicant in connection with the approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project. Agencies that collect and utilize Development Impact Fees are required to provide the following information regarding each fund or account established for the collection of impact fees:

- a) A brief description of the type of fee in the fund;
- b) The amount of the fee;
- c) The beginning and ending balance of the account or fund;
- d) The amount of fees collected and the interest earned;
- e) An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement;
- f) An identification of an approximate date by which the construction of the public improvement will commence if the public agency determines that sufficient funds have been collected to complete financing of an incomplete public improvement;
- g) A description of each interfund transfer or loan made from the fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan; and,
- h) The amount of refunds made of unexpended fees or allocations made pursuant to Government Code section 66001(f).

Additionally, Government Code Section 66001 requires that if the funds have not been spent, the City must make the following required findings, regardless of whether the funds are committed or uncommitted, once every five years:

- 1) Identify the purpose to which the fee is to be put;
- 2) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged; and
- 3) Identify all sources and amounts of funding anticipated to complete financing of incomplete public improvements and the approximate dates on which such funding is expected to be deposited into the appropriate fund.

When sufficient funds have been collected to complete financing of incomplete public improvements and the improvements remain incomplete, the agency is required to identify an approximate date by which construction of the public improvement will be commenced, or shall refund to the then current owner(s) of record the unexpended portion of the fee and interest accrued thereon with limited exception.

Major Components of Compliance Report

For purposes of this report, the City is providing information on the following funds:

- Park Reserve - Capital Project Fund[1]
- Refuse Capital Equipment Charge
- Wastewater Facility Charge
- Water Facility Charge
- Water System Operations
- Public Facility Impact Fees

*Roadway Facilities

*Traffic Signal Facilities

*Fire Facilities

*Police Facilities

*Park Facilities

[California Government Code Section 66477 (the "Quimby Act") does not require the City of Merced to disclose the amounts collected and expended for Parks and Recreation Facilities. However, an accounting of these fees is included with this report for the benefit of the public and the City Council.

Details of activity for each of the fees are provided in the Annual Report. A summary of the activity for the year, including the beginning and ending balance are shown in the Fund Activity Summary (Attachment 1).

Details present in Development Impact Fees Fiscal Year 2018 Annual Compliance Report (Attachment 2).

Below is a summary of accounts with funds remaining unexpended for five years or more after they were collected:

Police Facilities - The five-year remaining unexpended balance for Police Facilities (Funds 47 and 57) is \$1,727,619.40, which is required for the following project:

- Projects to be Determined - New Police Facility for Growth - To be completed beyond FY 2022-23.

Fire Facilities - The five-year remaining unexpended balance for Fire Facilities (Funds 46 and 56) is \$1,512,283.60, which is required for the following projects:

- Project #109006 - New Fire Station #54 for Growth - To be completed beyond FY 2020-21.
- Project #109007 - New Fire Station #56 for Growth - To be completed beyond FY 2020-21.
- New Fire Stations 53, 57, and 58 - To be completed beyond FY 2022-23.

Wastewater Facility - Lines - The five-year remaining unexpended balance for Wastewater Facility-Lines (Fund 550) is \$1,402,582.58, which is required for the following projects:

- Projects to be Determined - Has been budgeted in FY 2018-19. To be completed FY 2018-19 and beyond.

Wastewater Facility - Plant - The five-year remaining unexpended balance for Wastewater Facility-Plant (Fund 551) is \$1,533,072.32, which is required for the following projects:

- Project 103014 - WWTP Phase IV Design - Has carry-over from FY 2017-18. To be completed FY 2018-19.
- Project 108073 - WWTP 12MGD Expansion - Has carry-over from FY 2017-18. To be completed FY 2018-19 and beyond.
- Project 110040 - WWTP Phase V Upgrades - Has carry-over from FY 2017-18. To be completed FY 2018-19.
- Project 112044 - WWTP New Laboratory Building - Has carry-over from FY 2017-18. To be completed and closed FY 2018-19.
- Project 113060 - FOG Receiving & CO-GEN - Has carry-over from FY 2017-18. To be completed beyond FY 2018-19.
- WWTP Phase VI - To be completed beyond FY 2021-22.
- Gerard Sewer Trunk Line - To be completed beyond FY 2020-21.
- Projects to be Determined - Has been budgeted in FY 2018-19. To be completed FY 2018-19 and beyond.

Water Facility - Wells - The five-year remaining unexpended balance for Water Facility-Wells (Fund 556) is \$14,920,026.55, which is required for the following projects:

- Project #107033 - Water Well #20 - Has carry-over from FY 2017-18. To be completed in FY 2018-19.
- Project #108068 - Water Meter Installation - Has carry-over from FY 2017-18 and to be completed in FY 2018-19 and beyond.
- Project #112044 - WWTF New Laboratory Building - Has carry-over from FY 2017-18. Project to be completed FY 2018-19.
- Project #113026 - Water Well #21 - Has carry-over from FY 2017-18. To be completed beyond FY 2018-19.
- Project #113027 - Water Well #2 (Wellhead Treatment) - Has carry-over from FY 2017-18. To be completed beyond FY 2018-2019.
- Project #113028 - Water Well #7 (Wellhead Treatment) - Has carry-over from FY 2017-18. To be completed beyond FY 2018-2019.
- Project #116020 - Water Well #22 - Has carry-over from FY 2017-18. To be completed beyond FY 2018-2019.
- Water Well #23, #24, #25, #26 - To be completed beyond FY 2020-21, and FY 2022-23.
- Well Sites Land Acquisition - Has a carry-over from FY 2017-18 and land acquisitions will be actively pursued over the coming five years.
- Water upsizing Improvement Phase I, Phase II and Phase III - Has been budgeted in FY 2018-19 and to be completed beyond FY 2018-19
- Projects to be determined - Has budget in FY 2018-19.

Water Facility - Mains - The five-year remaining unexpended balance for Water Facility-Mains (Fund

566) is \$2,915,081.64, which is required for the following projects:

- Project #107033 - Water Well 20 Bellevue West - Has carry-over from FY 2017-18. To be completed in FY 2018-19.
- Project #109033 - Loop Water Mains - Has carry-over from FY 2017-18. To be completed beyond FY 2018-19.
- Project #112044 - WWTF New Laboratory Building - Has carry-over from FY 2017-18. Project to be completed in FY 2018-19.
- Project #115024 - 12-inch Water Main - Has carry-over from FY 2017-18. To be completed beyond FY 2018-19.
- Pressure Sustaining Valves #1, #2, #3, #4 - To be completed beyond FY 2022-23 or sooner depended upon growth.
- 16 inch & 18-inch Water Mains - To be completed beyond FY 2022-23 or sooner depended upon growth.
- Projects to be determined - Has been budget in FY 2018-19.

Roadway Facilities Fund - The five-year remaining unexpended balance for Roadway Facilities (Fund 44/54) is \$1,431,275.83, which is required for the following projects:

- Project #103010 - Campus Parkway - Has carry-over from FY 2017-18 and to be completed beyond FY 2022-23.
- Project #107023 - Parsons Avenue Corridor ROW - Has carry-over from FY 2017-18 and to be completed beyond FY 2022-23.
- Project #104033 - Hwy 59 & Cooper Mitigation Improvement - To be completed beyond FY 2020-21.

Traffic Signal Facilities Fund - The five-year remaining unexpended balance for Refuse Equipment (Fund 45/55) is \$55,051.78, which is required for the following projects:

- Projects to be Determined - New Signal Growth - To be completed beyond FY 2022-23.

The identified projects above will require additional funding for completion. The City continues to allocate interest on the balances retained. The adoption of the Resolution provides justification for the City to continue to retain the fees discussed earlier in the report, in order to fund the projects for which they were collected.

Staff recommends that the City Council accept the Annual Report and adopt the Resolution.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

1. Fund Activity Summary
2. Development Impact Fees Fiscal Year 2018 Annual Compliance Report 6-30-18
3. Resolution - AB 1600
4. Nexus Findings