



COUNCIL REPORT

DATE: December 5, 2023

CATEGORY: Consent

DEPT.: Finance and Administrative Services

TITLE: **Fiscal Year 2022-23 Annual Compliance Report for Development Impact Fees and Capacity Charges; and Informational Reporting of Park Land Dedication Fee**

RECOMMENDATION

1. Review the Fiscal Year 2022-23 Annual Compliance Report for Development Impact Fees (Attachment 1 to the Council report).
2. Review the Fiscal Year 2022-23 Annual Compliance Report for Capacity Charges (Attachment 2 to the Council report).
3. Review the Fiscal Year 2022-23 informational reporting for the Park Land Dedication Fund (Attachment 3 to the Council report).

BACKGROUND

Development Impact Funds

California Government Code Section 66006(b)(1)(A)-(H)¹ requires local agencies, within 180 days after the last day of each fiscal year, to make available to the public certain information for the fiscal year, and Section 66006(b)(2) requires the information be made available to the public at least 15 days prior to City Council consideration of the report. Attachment 1 discusses various fee programs, including Citywide Transportation Impact, Housing Impact, Rental Housing Impact, North Bayshore Development Impact (including transportation, water, and sewer), Water Development Impact, and Sewer Development Impact. Section 66001(d)(1) requires local agencies to make findings with respect to fees and investment earnings remaining unexpended, whether committed or uncommitted, for the fifth year following receipt of the first fee deposited and every five years thereafter.

¹ Unless otherwise noted, all references are to the California Government Code.

The City has adopted various impact fees subject to the Mitigation Fee Act:

- Citywide Transportation Impact Fee;
- Housing Impact Fee;
- Rental Housing Impact Fee;
- North Bayshore Development Impact Fee;
- Water Development Impact Fee; and
- Sewer Development Impact Fee.

Capacity Charges

In addition, Section 66013(d) requires local agencies that establish Water and Sewer Capacity Charges to make certain information available to the public within 180 days after the last day of each fiscal year. Attachment 2 provides the required information and discusses Water and Sewer Capacity Charges.

Park Land Dedication Fee

As defined in Section 66000(b), “fee” does not include fees specified in Section 66477 (Quimby Act), which governs the City’s Park Land Dedication (PLD) Fee and does not require annual reporting. The PLD Fund is included in Attachment 3 to verify compliance with Section 66477(a)(6)(A) regarding commitment of PLD fees within five years after receipt or issuance of the building permit, whichever occurs later.

ANALYSIS

The Fiscal Year 2022-23 Annual Compliance Report for Development Impact Fees and Capacity Charges; and Informational Reporting of the PLD Fee, Attachments 1 through 3, were made available to the public on November 2, 2023 with the agenda for the November 7, 2023 City Council public meeting. The report provides detailed information about each of the Impact Fees and Capacity Charges, including a description and amount of the fee or charge, beginning and ending balances, public improvements funded by the fee or charge, and any required findings. As communicated, significant improvements and benefits have been achieved using these fees. The spending of these funds is consistent with the established fees/charges and is within the spending timeline requirements. With the initial public meeting held on November 7, the City is within reporting requirements, having made this report available to the public at least 15 days prior to adoption.

The development impact funds discussed in Attachment 1 comply with the requirements of Section 66000, *et seq.*, for annual reporting regarding the collection and use of development fees. There are no required findings to be made as of June 30, 2023.

The Water and Sewer Capacity Charges discussed in Attachment 2 comply with Section 66013 for annual reporting regarding the collection and use of capacity charges. The PLD Fund in Attachment 3 complies with Section 66477(a)(6)(A) regarding the commitment of fees within five years of receipt.

The following table provides a fund summary of available balances illustrated in the more detailed compliance reports in Attachments 1 through 3.

FEE/FUND CATEGORY	UNEXPENDED/AVAILABLE FUND BALANCE JUNE 30, 2023*
Development Impact Fees (Attachment 1)	
Citywide Transportation Impact Fund	\$2,007,013
Housing Impact Fund	\$17,939,038
Rental Housing Impact Fund	\$2,465,939
North Bayshore Development Impact Fund— Transportation	\$14,965,808
North Bayshore Development Impact Fund— Water	\$4,349,064
North Bayshore Development Impact Fund— Sewer	\$833,562
Sewer Development Impact Fund	\$680,694
Capacity Charges (Attachment 2)	
Water Capacity Charges Fund	\$4,596,380
Sewer Capacity Charges Fund	\$10,825,788
Park Land Dedication Fees (Attachment 3)	
Park Land Dedication Fund	\$48,087,831

* Balances are net of committed Council funds for future projects.

FISCAL IMPACT

There is no direct fiscal impact associated with this report. The fees are available for the purposes indicated and discussed in Attachments 1 through 3.

ALTERNATIVES

1. Provide other direction.
2. Take no action, resulting in noncompliance with the California Government Code.

PUBLIC NOTICING—Agenda posting.

Prepared by:

Elliot Young
Senior Financial Analyst

Grace Zheng
Assistant Finance and Administrative
Services Director

Approved by:

Derek Rampone
Finance and Administrative
Services Director

Arn Andrews
Assistant City Manager

EY-GZ/4/CAM
575-12-05-23CR
202739

- Attachments:
1. Fiscal Year 2022-23 Annual Compliance Report for Development Impact Fees
 2. Fiscal Year 2022-23 Annual Compliance Report for Capacity Charges
 3. Fiscal Year 2022-23 Informational Reporting of Park Land Dedication Fees