



DATE: November 12, 2019

CATEGORY: Consent

DEPT.: Finance and Administrative Services

TITLE: **Fiscal Year 2018-19 Annual Compliance Report for Development Impact Fees and Capacity Charges; and Informational Reporting of Park Land Dedication Fee**

RECOMMENDATION

1. Review the Fiscal Year 2018-19 Annual Compliance Report for the Citywide Transportation Impact, Housing Impact, Rental Housing Impact, North Bayshore Development Impact, Water Development Impact, Sewer Development Impact, Water Capacity Charges, and Sewer Capacity Charges Funds (Attachment 1 to the Council report).
2. Review the Fiscal Year 2018-19 informational reporting for the Park Land Dedication Fund (Attachment 1 to the Council report).
3. Adopt a Resolution Making Findings with Respect to the Unexpended Balance of the Sewer Development Impact Fund (California Government Code Section 66001(d)), to be read in title only, further reading waived (Attachment 2 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

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

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. There are currently five different five-year finding cycles, and this year's report makes the required findings on the Sewer Development Impact Fund. Although the City is required to make findings every five years after the first fee is deposited, the City reports findings when required or provides information on an annual basis, after the initial reporting, to make this requirement easier to administer.

Capacity Charges

In addition, Section 66013(d) requires local agencies that establish Water and Sewer Capacity Charges pursuant to Section 66013 to make certain information available to the public within 180 days after the last day of each fiscal year. Attachment 1 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 1 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 2018-19 Annual Compliance Report for Development Impact Fees and Capacity Charges; and Informational Reporting of the PLD Fee, Attachment 1, which was on Council's agenda at a public meeting on October 1, 2019 and made available to the public on September 26, 2019, 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 in Attachment 1, significant improvements and benefits have been achieved through use of these fees.

The development impact funds discussed in Attachment 1 comply with the requirements of Sections 66000, *et seq.* for annual reporting regarding the collection and use of development fees. In addition, the report makes findings that the unexpended balance of the Sewer Development Impact Fund is still needed for the purposes specified and discussed in Attachment 1.

The Water and Sewer Capacity Charges discussed in Attachment 1 comply with Section 66013 for annual reporting regarding the collection and use of capacity charges. The PLD Fund complies with Section 66477(a)(6)(A) regarding the commitment of fees within five years of receipt.

FISCAL IMPACT

The fees are available for the purposes indicated and discussed in Attachment 1. Adoption of the resolution makes the required findings that the Sewer Development Impact funds received are still needed for the purposes specified.

ALTERNATIVES

Do not adopt the resolution making findings for the continued need of the unexpended balance of the Sewer Development Impact Fund per Section 66001(d)(1), and the City shall refund the moneys in the account or fund as required under Sections 66001(d)(2) and (e).

PUBLIC NOTICING – Agenda posting.

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- Attachments:
1. Fiscal Year 2018-19 Annual Compliance Report for Development Impact Fees and Capacity Charges; and Informational Reporting of Park Land Dedication Fee
 2. Resolution – Findings – Unexpended Balance of Sewer Development Impact Fund