

# SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Agenda Number:**  
**Prepared on:** 09/30/05  
**Department Name:** Auditor-Controller  
**Department No.:** 061  
**Agenda Date:** 12/06/05  
**Admino** Admin  
**Estimate Time:**  
**Continued Item:** NO  
**If Yes, date from:**  
**File Name:**

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**TO:** Board of Supervisors

**FROM:** Bob Geis  
Auditor-Controller

Ronald S Cortez  
Deputy County Executive Officer

**STAFF CONTACT:** Mark Paul, Financial Analyst  
568-2163

**SUBJECT:** Development Impact Fees: Annual Reports and Automatic Fee Adjustment

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That the Board of Supervisors set a hearing for December 13 to:

1. Receive the 2004-2005 annual reports for the Countywide, Orcutt and Goleta development impact fee programs; and
2. Receive the automatic annual fee adjustment of 4.3%, which is based on the increase in the Engineering Construction Cost Index.
3. Establish a committee of stakeholders to review the impact fees prior to next year's submittal to the Board of Supervisors.

### **Alignment with Board Strategic Plan:**

The recommendation(s) are primarily aligned with Goal No. 1. An Efficient Government Able to Respond Effectively to the Needs of the Community, Goal No. 2. A Safe and Healthy Community in Which to Live, Work, and Visit, Goal No. 5. A High Quality of Life for All Residents, and are aligned with actions required by law or by routine business necessity.

### **EXECUTIVE SUMMARY:**

Development Impact Fees ("Fees") are fees imposed on new development to pay for their "fair share" of the construction costs associated with new public infrastructure (e.g., roads, parks, library, etc.) necessary to serve the new development. Under the authority of Government Code 66000 et seq. (AB 1600), which

allows local jurisdictions to establish development impact fees, the County of Santa Barbara has adopted several fee programs to fund needed public infrastructure. Some of the established fee programs are imposed countywide, while others apply to specific geographical areas (e.g., community planning area) within the County. The existing County fee programs are listed below in Table 1. Although automatic annual fee adjustments are not required under AB 1600, they are mandated by the adopted County ordinances.

Where applicable, Table 1 indicates whether an annual report, and/or an annual fee adjustment is included for each fee program. Table 1 also indicates when a Five Year Report is due.

**Table 1**  
Existing County Fee Programs

<u>Fee Program</u>	<u>Annual Report</u>	<u>Annual Adjustment</u>	<u>5 Year Report Due</u>
<u>Countywide</u>			
Quimby Fee <sup>1</sup> (Ord. No. 4317; adopted June 16, 1998)	N/A	N/A	N/A
Park Development Mitigation Fee (Ord. No. 4348; adopted June 16, 1998)	Yes	Yes	July, 2009
Transportation Mitigation Fee (Ord. No. 4270; adopted June 16, 1998)	Yes	Yes	July, 2009
Fire Mitigation Fee <sup>2</sup> (Ord. No. 4236; adopted July 30, 1996)	N/A	N/A	July, 2009
<u>Orcutt Planning Area</u>			
Comm./Ind. Park Facility Fee (Ord. No. 4316; adopted June 16, 1998)	Yes	Yes	July, 2009
Fire Facility Fee (Ord. No. 4311; adopted June 16, 1998)	Yes	Yes	July, 2009
Library Facility Fee (Ord. No. 4314; adopted June 16, 1998)	Yes	Yes	July, 2009
Public Administration Facility Fee (Ord. No. 4315; adopted June 16, 1998)	Yes	Yes	July, 2009
Regional Drainage Facility Fee (Ord. No. 4313; adopted June 16, 1998)	Yes	Yes	July, 2009
Sheriff Facility Fee (Ord. No. 4312; adopted June 16, 1998)	Yes	Yes	July, 2009
<u>Goleta Planning Area</u>			
Comm./Ind. Park Facility Fee (Ord. No. 4341; adopted November 3, 1998)	Yes	Yes	July, 2009
Fire Facility Fee (Ord. No. 4353; adopted March 23, 1999)	Yes	Yes	July, 2009
Library Facility Fee (Ord. No. 4354; adopted March 23, 1999)	Yes	Yes	July, 2009
Public Administration Facility Fee (Ord.No.4355;adopted March 23, 1999)	Yes	Yes	July, 2009
Sheriff Facility Fee (Ord. No. 4360; adopted May 25, 1999)	Yes	Yes	July, 2009

<sup>1</sup> Quimby Fees are not subject to the AB 1600 Fee reporting requirements. Prior to expending of Quimby Fees, projects are brought before the Board on an individual basis to receive approval.

<sup>2</sup> The Board has already reviewed the Countywide Fire Mitigation Fee. No Five Year report was provided since it has been less than five years since the last Five Year Report.

## **DISCUSSION**

### **1. Annual Reports**

Section 66006(b) (1) of the Government Code requires that for each separate account or fund established pursuant to AB 1600, the local agency shall prepare an annual report, which includes the following information:

- A brief description of the type of fee in the account or fund.
- The amount of the fee.
- The beginning and ending balance of the account or fund.
- The amount of the fees collected and the interest earned.
- An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that were funded with fees.
- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete improvement and the public improvement remains incomplete.
- A description of each interfund transfer or loan made from the account or 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 of fund will receive on the loan.

In addition, Section 66001(d) of the Government Code requires that for each separate account or fund established pursuant to AB 1600, for the fifth fiscal year following the first deposit into an account or fund, and every five years thereafter, the local agency shall prepare a Five Year Report which identifies the purpose the fee is to be put, demonstrate a reasonable relationship between the fee and the purpose for which it is charged, identifies all sources and amounts of funding anticipated to complete financing of incomplete improvements, and indicates the approximate dates on which the funding is expected to be deposited into the appropriate account or fund. The Five Year Reports were completed last year and are not due at this time. However, the Five Year Reports for each of the fees under discussion are due July 2009.

### **2. Automatic Annual Fee Adjustments**

Each year staff reviews the adopted fees for each fee program to determine if the cost estimates for the future public facilities are adequate and whether the fees should be increased to reflect increased construction costs or newly identified infrastructure needs. The current review by departments indicates that the public improvements identified in the County's 5-Year CIP, Transportation Improvement Plans, and Fee Studies are still adequate to reflect the long term needs for these public facilities. Therefore, the only increase in fees results from the automatic adjustment that reflects the 4.3% increase in the Engineering Construction Cost Index for the past year ending June 30, 2005. This adjustment will allow the fees to keep pace with the increasing costs of providing the needed public facilities as identified in the capital improvement programs.

### 3. Fee Update Study for FY 2004 – 2005

#### Fee Update Study for FY 2005 – 2006

The County does not currently have a plan to update the development impact fees. Staff recommends establishing a committee of appropriate stakeholders to review the Developer Impact Fees prior to next year's submittal and make appropriate recommendations to your Board.

**Mandates and Service Levels:** Government Code Section 66000 et seq. mandates that any fees imposed by a local agency as a condition of approving a development project must be reviewed annually and every five years by the local agency at a noticed public meeting. Government Code requires that a report shall be submitted to the Board within 180 days following the end of the fiscal year.

Ordinances adopted by the County to implement the development impact mitigation fee programs require that a report shall be submitted to the Board within 60 days following the end of the fiscal year. County fee ordinances mandate automatic annual fee adjustments to keep pace with the cost of constructing public facilities.

**Fiscal and Facilities Impacts:** Individual Annual Reports provide information on the amount of fees collected historically including total cost projects, fees collected the past fiscal year, and amount expended to date. No fiscal or facility impacts are anticipated with the annual fee report and adjustments. The annual fee adjustment allows the fees to increase to reflect the annual increase in construction costs to build the identified public facilities based on the Engineering Construction Cost Index for the preceding twelve (12) months.

**Special Instructions:** Please forward one copy of the minute order to the County Administrator's Office, Planning & Development, Public Works, Fire, Sheriff, General Services, Park, Auditor-Controller's Office, and County Counsel Departments.

**Concurrence:** County Administrator's Office, Planning & Development, Public Works, Fire, Sheriff, General Services, Park, Auditor-Controller's Office, and County Counsel Departments