

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Santa Barbara, CA 93101
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Agenda Number:
Prepared on: 11/18/03
Department Name: P&D
Department No.: 053
Agenda Date: 12/9/03
Placement: Departmental
Estimate Time: 45 minutes
Continued Item: NO
If Yes, date from:
File Name: F:\GROUP\COMP\Co-wide
Programs\AB1600 Fees\Annual Fee
Reports\2003\BOS\BoS_itr.doc

TO: Board of Supervisors

FROM: Val Alexeeff, Director
Planning & Development

STAFF CONTACT: Lisa Plowman, Deputy (x2025)
Jeff Lindgren, Planner (x2069)

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

That the Board of Supervisors consider the following:

1. Receive the 2002-2003 annual reports for the Countywide, Orcutt and Goleta development impact fee programs (Attachments B-G); and
2. Receive the automatic annual fee adjustment of 2.48% which is based on the increase in the Engineering Construction Cost Index.

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 as part of this report 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 ¹ (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, 2004 |
| Transportation Mitigation Fee (Ord. No. 4270; adopted June 16, 1998) | Yes | Yes | July, 2004 |
| Fire Mitigation Fee ² (Ord. No. 4236; adopted July 30, 1996) | N/A | N/A | July, 2004 |
| <u>Orcutt Planning Area</u> | | | |
| Comm./Ind. Park Facility Fee (Ord. No. 4316; adopted June 16, 1998) | Yes | Yes | July, 2004 |
| Fire Facility Fee (Ord. No. 4311; adopted June 16, 1998) | Yes | Yes | July, 2004 |
| Library Facility Fee (Ord. No. 4314; adopted June 16, 1998) | Yes | Yes | July, 2004 |
| Public Administration Facility Fee (Ord. No. 4315; adopted June 16, 1998) | Yes | Yes | July, 2004 |
| Regional Drainage Facility Fee (Ord. No. 4313; adopted June 16, 1998) | Yes | Yes | July, 2004 |
| Sheriff Facility Fee (Ord. No. 4312; adopted June 16, 1998) | Yes | Yes | July, 2004 |
| <u>Goleta Planning Area</u> | | | |
| Comm./Ind. Park Facility Fee (Ord. No. 4341; adopted November 3, 1998) | Yes | Yes | July, 2004 |
| Fire Facility Fee (Ord. No. 4353; adopted March 23, 1999) | Yes | Yes | July, 2004 |
| Library Facility Fee (Ord. No. 4354; adopted March 23, 1999) | Yes | Yes | July, 2004 |
| Public Administration Facility Fee (Ord.No.4355;adopted March 23, 1999) | Yes | Yes | July, 2004 |
| Sheriff Facility Fee (Ord. No. 4360; adopted May 25, 1999) | Yes | Yes | July, 2004 |

¹ 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.

² 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.

The following discussion addresses the reporting requirements for the annual reports, and the automatic annual fee adjustments for each of the fee programs as indicated in Table 1. Attachments B-G contain the required reporting information for each of the applicable fee programs.

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.

Attachment A provides a summary of the fee program accounts for the last fiscal year. Total estimated costs for construction of projects and fees expended to date for the identified public improvements are shown in the table for each fee program. For detailed information on the specific public improvements please refer to Attachments B-G.

All affected line departments prepared reports that provide the required information for each fee account for the last fiscal year (Attachments B-G). The projects identified in the reports are consistent with those found in the County's 5-Year Capital Improvement Program (CIP), Goleta Transportation Improvement Program (GTIP), Orcutt Transportation Improvement Program (OTIP), and Fee Justification studies. The reports contain an accounting of the monies and the projects for which the fees have been collected during the last fiscal year.

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. There are no Five Year Reports due at this time. However, the Five Year Reports for each of the fees under discussion are due July, 2004.

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 2.48% increase in the Engineering Construction Cost Index for the past year. 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.

Attachments H-M shows the amount of the fee for each fee program prior to the annual fee adjustment and the corresponding revised fee reflecting the increase in the Engineering Construction Cost Index.

3. Fee Update Study for FY 2004 – 2005

A Fee Update Study will be considered for inclusion in the Comprehensive Planning Division 5-Year Work Program for FY 2004-2005. The intent of this study is to review each Development Impact Mitigation Fee against revised community build-out estimates and capital improvement costs and needs. As proposed, the study will consider increased land and construction costs and will evaluate the fee waiver programs for beneficial projects. The study will also account for the incorporation of the City of Goleta which will likely have a significant impact on the collection of AB 1600 fees for the remaining Goleta Valley.

The cost of this study is estimated to be about \$250,000 which would cover staff and consultant efforts. Depending on the Board's priorities, this work effort and budget could be proposed for general fund support in the P&D budget for Fiscal Year 2004-2005. P& D requested a budget expansion for the Fee Update Study for FY 2003-2004. The expansion was not approved. This issue will be discussed during the Boards review of the Comprehensive Planning 5-Year Work Program.

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. Ordinances adopted by the Count 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

Attachments

- Attachment A – Summary of Annual Fund Account Activity For Fiscal Year 2002-2003
- Attachment B – Public Works Department (Transportation) Annual Report
- Attachment C – Parks Department Annual Report
- Attachment D – Fire Department Annual Report
- Attachment E – Sheriff's Department Annual Report
- Attachment F – General Services Department Annual Report
- Attachment G – Public Works Department (Flood Control) Annual Report
- Attachment H – Public Works Department (Transportation) Annual Fee Adjustment
- Attachment I – Parks Department Annual Fee Adjustment
- Attachment J – Fire Department Annual Fee Adjustment
- Attachment K – Sheriff's Department Annual Fee Adjustment
- Attachment L – General Services Department Annual Fee Adjustment
- Attachment M – Public Works Department (Flood Control) Annual Fee Adjustment

ATTACHMENT A

Summary of Annual Fund Account Activity For Fiscal Year 2002-2003

| Fee Program | Balance on 6-30-03 | Total Estimated Cost of Projects | Expended To-Date |
|-----------------------|-------------------------------|---|-------------------------|
| Transportation | | | |
| ▪ Goleta | \$753 | \$39,052,973 | \$9,990,936 |
| ▪ Orcutt | \$37,397 | \$2,646,000 | \$194,612 |
| ▪ Countywide | \$1,260,617 | \$2,160,000 | \$1,370,470 |
| Parks | | | |
| ▪ Goleta | \$105,523 | \$1,360,000 | \$0 |
| ▪ Orcutt | \$173,085 | \$9,070,000 | \$0 |
| ▪ Countywide | \$521,724 | \$2,300,000 | \$0 |
| Fire | | | |
| ▪ Goleta | \$316,127 | \$2,864,000 | \$0 |
| ▪ Orcutt | \$36,128 | \$2,329,000 | \$0 |
| Sheriff | | | |
| ▪ Goleta | \$50,745 | \$1,517,931 | \$0 |
| ▪ Orcutt | \$6,062 | \$645,618 | \$0 |
| Library | | | |
| ▪ Goleta | \$64,626 | \$7,190,382 | \$0 |
| ▪ Orcutt | \$14,869 | \$1,462,000 | \$0 |
| Public Administration | | | |
| ▪ Goleta | \$171,590 | \$4,029,837 | \$0 |
| ▪ Orcutt | \$8,643 | \$1,700,000 | \$0 |
| Regional Drainage | | | |
| ▪ Orcutt | \$51,213 | \$3,591,000 | \$0 |

ATTACHMENT B

**Public Works – Transportation
Development Impact Fee
Annual Reports**

(Countywide, Orcutt, Goleta)

**Prepared by
Public Works – Transportation Division**

ATTACHMENT C

**Parks Department
Development Impact Fee
Annual Reports**

**(South Coast West, South Coast East, Santa Ynez, Lompoc, and
Santa Maria Recreational Demand Areas)**

**Prepared by
Park Department**

ATTACHMENT D

**Fire Department
Development Impact Fee
Annual Reports**

(Orcutt and Goleta)

**Prepared by
Fire Department**

ATTACHMENT E

**Sheriff Department
Development Impact Fee
Annual Reports**

(Orcutt and Goleta)

**Prepared by
Sheriff Department**

ATTACHMENT F

**General Services Department
Development Impact Fee
Annual Reports**

(Orcutt and Goleta)

**Prepared by
General Services Department**

ATTACHMENT G

**Public Works – Flood Control Department
Development Impact Fee
Annual Reports**

(Orcutt)

**Prepared by
Public Works – Flood Control**

ATTACHMENT H

**Public Works – Transportation
Development Impact Fee
Annual Adjustment**

(Countywide, Orcutt, Goleta)

**Prepared by
Public Works – Transportation Division**

ATTACHMENT I

**Park Department
Development Impact Fee
Annual Adjustment**

**(South Coast West, South Coast East, Santa Ynez, Lompoc, Santa
Maria, and Orcutt Recreational Demand Areas)**

**Prepared by
Park Department**

ATTACHMENT J

**Fire Department
Development Impact Fee
Annual Adjustment**

(Orcutt and Goleta)

**Prepared by
Fire Department**

ATTACHMENT K

**Sheriff Department
Development Impact Fee
Annual Adjustment**

(Orcutt and Goleta)

**Prepared by
Sheriff Department**

ATTACHMENT L

**General Services Department
Development Impact Fee
Annual Adjustment
(Orcutt and Goleta)**

**Prepared by
General Services Department**

ATTACHMENT M

**Public Works – Flood Control Department
Development Impact Fee
Annual Adjustment**

(Orcutt)

**Prepared by
Public Works – Flood Control Department**