



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

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

Department Name: Auditor - Controller  
Department No.: 061  
For Agenda Of: March 17, 2015  
Placement: Set Hearing  
Estimated Time: 15 min on 4/21/15  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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TO: Board of Supervisors

FROM: Department Robert W. Geis, CPA, Auditor – Controller  
Director(s)  
Staff: Katie Roth, CPA, Division Chief, Auditor-Controller

SUBJECT: **Set Hearing for AB1600 Mitigation Fee Act Annual & Five Year Report**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** N/A

As to form:

**Recommended Actions:** That the Board of Supervisors set a hearing on April 21, 2015 to consider the following:

- A. Receive and review the Fiscal Year (FY) 2013-2014 AB1600 Mitigation Fee Act Annual & Five Year Report which includes the FY 2013-2014 Annual Fund Account Activity Reports and the FY 2014-2015 Mitigation Fees Matrix for the Countywide, Orcutt, Goleta, South Coast, Santa Ynez, Lompoc and Santa Maria development impact fee programs and adopt the findings required by Government Code 66001(d) in the Five Year Reporting & Findings Requirement section of the Report.
- B. Determine that the above actions are not a “project” under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) of the CEQA Guidelines, because they consist of administrative activities of government that will not result in direct or indirect physical changes in the environment.

**Background:**

The Auditor-Controller’s Advanced & Specialty Accounting division has coordinated with the various departments and prepared the required annual reports for the Mitigation Fee Act program. Development Impact 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/Mitigation Fee Act), 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 areas) within the County.

The existing County fee programs are listed in Table 1. Automatic annual fee adjustments are mandated by most adopted County ordinances beginning each fiscal year. Where applicable, Table 1 indicates the reporting and annual fee adjustment requirement for each program.

**Table 1 – Existing County Fee Programs**

<b>Fund</b>	<b>Fee Program</b>	<b>Annual Adjustment</b>	<b>Annual Report</b>	<b>5 Year Report</b>
<b>Countywide</b>				
1397	Quimby Fee (Ord. No. 4137; adopted June 16, 1998)	N/A	N/A	N/A
1398	Park Development Mitigation Fee (Ord. No. 4348; adopted June 16, 1998)	Yes	Yes	Yes
1512	Transportation Mitigation Fee (Ord. No. 4270; adopted June 16, 1998)	Yes	Yes	Yes
1130	Fire Mitigation Fee (Ord. No. 4236; adopted July 30, 1996)	Yes	Yes	Yes
<b>Orcutt Planning Area</b>				
1394	Comm.Ind. Park Facility Fee (Ord. No. 4316; adopted June 16, 1998)	Yes	Yes	Yes
1398	Comm.Ind. Park Facility Fee (Ord. No. 4316; adopted June 16, 1998)	Yes	Yes	Yes
1128	Fire Facility Fee (Ord. No. 4311; adopted June 16, 1998)	Yes	Yes	Yes
1495	Library Facility Fee (Ord. No. 4314; adopted June 16, 1998)	Yes	Yes	Yes
1497	Public Administration Facility Fee (Ord. No. 4315; adopted June 16, 1998)	Yes	Yes	Yes
2406	Regional Drainage Facility Fee (Ord. No. 4313; adopted June 16, 1998)	Yes	Yes	Yes
1570	Sheriff Facility Fee (Ord. No. 4312; adopted June 16, 1998)	Yes	Yes	Yes
1510	Transportation Mitigation Fee (Ord. No. 4270; adopted June 16, 1998)	Yes	Yes	Yes
<b>Goleta Planning Area</b>				
1396	Comm.Ind. Park Facility Fee (Ord. No. 4341; adopted November 3, 1998)	Yes	Yes	Yes
1129	Fire Facility Fee (Ord. No. 4353; adopted March 23, 1999)	Yes	Yes	Yes
1496	Library Facility Fee (Ord. No. 4354; adopted March 23, 1999)	Yes	Yes	Yes
1498	Public Administration Facility Fee (Ord. No. 4355; adopted March 23, 1999)	Yes	Yes	Yes
1571	Sheriff Facility Fee (Ord. No. 4360; adopted May 25, 1999)	Yes	Yes	Yes
1511	Transportation Mitigation Fee (Ord. No. 4270; adopted June 16, 1998)	Yes	Yes	Yes
<b>South Coast Planning Area</b>				
1396	South Coast West Rec. Demand Area Fee (Ord. No. 4348; adopted December 15, 1998)	Yes	Yes	Yes
1405	South Coast West Rec. Demand Area Fee (Ord. No. 4348; adopted December 15, 1998)	Yes	Yes	Yes
1404	South Coast East Rec. Demand Area Fee (Ord. No. 4348; adopted December 15, 1998)	Yes	Yes	Yes
<b>Santa Ynez Planning Area</b>				
1406	Recreational Demand Area Fee (Ord. No. 4348; adopted December 15, 1998)	Yes	Yes	Yes
<b>Lompoc Planning Area</b>				
1407	Recreational Demand Area Fee (Ord. No. 4348; adopted December 15, 1998)	Yes	Yes	Yes
<b>Santa Maria Planning Area</b>				
1408	Recreational Demand Area Fee (Ord. No. 4348; adopted December 15, 1998)	Yes	Yes	Yes

The following discussion addresses the reporting requirements for the annual report, five year report, and the automatic annual fee adjustments for each of the fee programs as indicated in Table 1.

### **Annual Report**

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, within 180 days after the last day of each fiscal year, make available to the public the following information for the fiscal year:

- 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 was 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 public improvement and the public improvement remains incomplete.
- A description of each inter-fund 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 inter-fund 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.
- The amount of refunds made pursuant to subdivision (e) of § 66001 and any allocations pursuant to subdivision (f) of § 66001.

### **Five Year Report and Findings:**

Section 66001(d)(1) of the Government Code requires that for each separate account or fund established pursuant to AB 1600, the local agency shall make the following findings:

- The purpose to which the fee is to put.
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.
- Identify all sources and amounts of funding anticipated to complete financing incomplete identified improvements.
- Designate the approximate dates on which the funding from other sources is to be deposited into the appropriate account or fund.

The AB1600 Mitigation Fee Act Annual & Five Year Report provides the required information to meet the requirements for both the annual and the five year report. All affected departments provided the required information for each fee account for the last fiscal year. The total estimated costs for construction of projects and fees expended to date for the identified public improvements are shown for each fee program. The projects identified in the report are generally 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 report contains an accounting of the monies and the projects for which the fees have been collected during the last fiscal year.

### **Automatic Annual Fee Adjustments**

Except for the Countywide Fire Mitigation Fees and the Quimby fees all of the County development impacts fees require that the fees be adjusted automatically based upon the Engineering News Record (ENR) Construction Cost Index (CCI). Each year the ENR CCI for the month of May is used to calculate the County development impact fees for the following fiscal year. The CCI for May 2014 was 4.2%, therefore the fee adjustment for fiscal year 2014-15 was 4.2% for all County mitigation fees with the exception of the Fire Mitigation Fee and the Orcutt Transportation Fee.

On October 21, 2014, the Board approved the Fire Impact Fee Nexus Study that was prepared by the County Fire Department to establish the basis for the collection of new Fire impact fees and to establish an Ordinance to amend Chapter 15 of the Santa Barbara County Code by repealing Articles IIIB (Ordinance No. 4311) and IIIC (Ordinance No. 4353) and amending Article III (Ordinance No. 4236), to be effective 60 days from date of adoption. The Nexus Study Fire impact fees have replaced the fees that were calculated using the automatic adjustment based on the ENR CCI.

On February 10, 2015, the Board approved an update to the Orcutt Transportation Improvement Plan (OTIP) which was prepared by the Public Works Department. The updated OTIP includes updated mitigation fees that will replace the mitigation fees that were calculated using the automatic adjustment based on the ENR CCI.

### **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. As part of this, the Government Code requires that the County shall make certain information available to the public 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 each department's director prepare a report that 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 project costs, 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.

### **Attachments:**

AB 1600 Mitigation Fee Act Annual & Five Year Report

### **Authored by:**

### **cc:**