



City Council AGENDA REPORT

DATE: 12/02/2021

AGENDA OF: 12/14/2021

DEPARTMENT: Finance/Planning

SUBJECT: FY 2021 Annual Report for Traffic Impact Fee, Childcare Impact Fee, and Public Safety Impact Fee (FN/PL)

RECOMMENDATION: Motion to accept and approve the attached FY 2021 Impact Fee Annual Report.

BACKGROUND: In April, 2004, the City Council adopted the Beach /South of Laurel Traffic Impact Fee Ordinance and in June, 2005, the City Council adopted the Citywide Traffic Impact Fee Ordinance. In November, 2012 the City Council amended the Traffic Impact Fee Ordinances to combine the Beach/South of Laurel and Citywide areas resulting in a single Traffic Impact Fee as of FY2013. In addition, the fee is now based on PM peak hour trips rather than daily trips. This fee complies with California Government Code Section 66006.

In April 2021, the City Council also adopted the Childcare and Public Safety Impact fees. The fees were effective as of June 26, 2021.

Section 66006 provides the annual reporting requirements for development impact fees. It requires that within 180 days after the close of the fiscal year the City shall produce a report on the developer im-pact fees and make it public at least 15 days prior to the regularly scheduled City Council meeting. In addition, for anyone who provided a written request to be notified, the City shall mail them notice of the time and place of the meeting at least 15 days prior to the meeting. Staff has compiled and made available at the Finance Public Counter 15 days prior to the meeting the FY 2021 Traffic Impact Fee Annual Report, which is attached. The report for the Childcare and Public Safety Impact Fee were made available as of December 7th, and will remain throughout the end of January 2022 if the public wishes to view the material. Staff recommends acceptance and approval of the report.

DISCUSSION: The City began collecting Traffic Impact fees in FY 2006. The amount collected in FY 2021 is \$420,464 and is detailed in the attached report. Total fees collection for the childcare impact fees from June 28th-30th totals \$973 for Childcare and \$4,205 for the Public Safety Impact Fee.

FISCAL IMPACT: No fiscal impact.

Prepared By:
Nicholas Gong
Accountant II

Submitted By:
Bobby Magee
Interim Finance Director

Approved By:
Rosemary Menard
Interim City Manager

Sara De Leon
Principal Management
Analyst

ATTACHMENTS:

1. 2021 TRAFFIC IMPACT FEE ANNUAL REPORT – DEVELOPMENT IMPACT FEES.DOC
2. EXPLANATION OF REFUNDS MEMO DATED 12-2-21.PDF

City of Santa Cruz
2021 Impact Fee Annual Reports
Development Impact Fees
For Fiscal Year Ending June 30, 2021

Government Code Sec. 66006(a) requires local agencies to produce an annual report, within 180 days of the fiscal year end. The annual report must be made available to the public and be presented to the public agency (City Council) at least fifteen days after it is made available to the public.

This report summarizes the following information for each of the development fee programs:

1. Description of fee
2. Amount of fee
3. Beginning and ending fund balances
4. Amount of fees collected and interest earned
5. Identification of projects on which fees were expended and the amount for each improvement that was expended
6. The total percentage of the cost of the public improvement that was funded with fees
7. The approximate date by which construction of the improvements will commence for any incomplete improvements for which sufficient funds to complete financing for the improvements have been collected
8. The amount of refunds paid
9. Description of each interfund transfer or loan made from the fund, if any

The following fee programs are included in this report:

- Section A – Citywide Traffic Impact Fee
- Section B – Citywide Childcare Impact Fee
- Section C – Citywide Public Safety Impact Fee (Police and Fire)

Section A – Citywide Traffic Impact Fee
For Fiscal Year Ending June 30, 2021

Description: A Traffic Impact Fee is assessed in connection with the issuance of any development permit for development in areas of the City designated by City Council Resolution NS-26,943 on June 28, 2005. In accordance with the General Plan, the Fee shall be used to pay costs associated with the mitigation of traffic impacts attributable to the development that is the subject of the permit. On November 27, 2012 City Council adopted Resolution NS-28,574 rescinding Resolution NS-26,943, combining the Beach/South of Laurel and Citywide areas and revising the Traffic Impact Fee Estimate Form to include new uses and PM peak hour rates.

Amount of Fee: The Traffic Impact Fee in FY 2021 was defined to be \$3,850 per peak hour trip as determined on the Traffic Impact Fee Estimate Form.

Refund: The refund amount in FY 2021 was \$0.

Beginning Balance, July 1, 2020	2,004,109 ¹	
<u>Receipts</u>		
Fees Collected	301,236	
Interest Earned	12,211	
Transfer-in	<u>107,017</u>	
Total	420,464	
<u>Disbursements</u>		
C401410 Ocean/Water Intersection Impr.	(429,045)	100%
Admin Expenses	<u>(51,723)</u>	100%
Total Disbursements	(480,768)	
Ending Balance, June 30, 2021	1,943,805 ²	

¹ Beginning fund balance does not include allowance for FV of invest w/City-cur unrstr

² Ending fund balance does not include allowance for FV of invest w/City-cur unrstr

**Section B – Citywide Childcare Impact Fee
For Fiscal Year Ending June 30, 2021**

Description: A Childcare Impact Fee is assessed in connection with the issuance of certain development permits for development in the City designated by City Council Resolution NS-29,812. This fee was effective on June 26, 2021. While the education of children has been acknowledged as a public responsibility, the pre-school and after-school care of children traditionally has been seen as a private problem of families, especially women, and not of public concern; however, consideration for the needs of children is a critical part of community planning and is part of an integrated system that supports human development, labor force participation, and job opportunities. The benefits of early childcare development and care in the community speak to the labor market, business recruitment, and retention; improved school readiness and success; and reduced public cost for remediation, prison and welfare. As such, the City’s General Plan calls for accessible, high-quality childcare facilities and services and includes objectives and policies to encourage an adequate and diverse supply of childcare facilities and services citywide, and includes a Childcare Impact fee on new residential and nonresidential development due to its impacts on childcare needs.

Amount of Fee: The Childcare Impact Fee in FY 2021 was defined to as:

Residential Use	Cost Per Square Foot
Single Family	\$.028
Multi Family	\$0.21
Commercial Use	
Retail	\$0.77
Office	\$0.89
Industrial	\$0.36
Hotel	\$0.27

Refund: The refund amount in FY 2021 was \$1,035.74. See Attachment 2 for details.

Beginning Balance, July 1, 2020	0 ³	
<u>Receipts</u>		
Fees Collected	954	
2% Administrative Fee Revenue	19	
Interest	-	
Total	973	
<u>Disbursements</u>		
Admin Expenses	0	100%
Total Disbursements	0	
Ending Balance, June 30, 2021	973 ⁴	

³ Beginning fund balance does not include allowance for FV of invest w/City-cur unrstr

⁴ Ending fund balance does not include allowance for FV of invest w/City-cur unrstr

Section C – Citywide Public Safety Impact Fee
For Fiscal Year Ending June 30, 2021

Description: A Public Safety Impact Fee (Fire and Police) is assessed in connection with the issuance of certain development permits in the City as designated by City Council Resolution NS-29,813. The fees were effective on June 26, 2021. The City’s General Plan includes objectives and policies to ensure adequate fire and police training and resources and to maintain rapid and timely response to all emergencies and services. A developer voluntarily choosing to create new development will place new, additional, and cumulatively overwhelming burdens on public safety services, a network of integrated services that serves existing and planned residential and non-residential development. New development in the City will increase the service population and therefore the need for new fire and police facilities, apparatuses, vehicles, and equipment to adequately serve new residents and employees. In accordance with the General Plan, the fees shall be used to pay costs associated with the mitigation of fire and police impacts attributable to the development that is the subject of the permit.

Amount of Fee: The Public Safety Impact Fee in FY 2021 was defined as:

Fire:

Police:

FY20/21		
RESIDENTIAL USE	Maximum Per Dwelling Unit	
		Cost Per Sq. Ft.
Single-Family	\$ 420	\$ 0.27
Multi Family	\$ 313	\$ 0.45
Note: If the Per Sq. Ft. cost is high		
FY20/21		
NONRESIDENTIAL USE	Cost Per 1,000 Sq. Ft.	
		Cost Per Sq. Ft.
Retail	\$ 254	\$ 0.254
Office	\$ 297	\$ 0.297
Industrial	\$ 119	\$ 0.119
Hotel	\$ 89	\$ 0.089

FY20/21		
RESIDENTIAL USE	Maximum Per Dwelling Unit	
		Cost Per Sq. Ft.
Single-Family	\$ 426	\$ 0.27
Multi-Family	\$ 318	\$ 0.46
Note: If the Per Sq. Ft. cost is high		
FY20/21		
NONRESIDENTIAL USE	Cost Per 1,000 Sq. Ft.	
		Cost Per Sq. Ft.
Retail	\$ 258	\$ 0.258
Office	\$ 301	\$ 0.301
Industrial	\$ 120	\$ 0.120
Hotel	\$ 90	\$ 0.090

Refund: The refund amount in FY 2021 was \$480.22 for Fire Impact Fees and \$10,360.40 for the Police Impact Fee. See Attachment 2 for details.

FIRE IMPACT FEE

Beginning Balance, July 1, 2020 0⁵

Receipts

Fees Collected	2,036
2% Administrative Fee	41
Interest Earned	<u>0</u>
Total	2,077

<u>Disbursements</u>		<u>% of Cost Funded</u>
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Admin Expenses	<u>0</u>	100%
Total Disbursements	0	

Ending Balance, June 30, 2021 2,077⁶

POLICE IMPACT FEE

Beginning Balance, July 1, 2020 0⁷

Receipts

Fees Collected	2,086
2% Administrative Fee	42
Interest Earned	<u>0</u>
Total	2,128

<u>Disbursements</u>		<u>% of Cost Funded</u>
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Admin Expenses	0	100%
Total Disbursements	<u>0</u>	

Ending Balance, June 30, 2021 2,128⁸

Total Public Safety Impact Fee Ending Balance, June 30, 2021 4,205

⁵ Beginning fund balance does not include allowance for FV of invest w/City-cur unrstr

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⁸ Ending fund balance does not include allowance for FV of invest w/City-cur unrstr



MEMORANDUM

DATE: 12/2/2021

TO: Michael Manno, Accounting

FROM: Sara De Leon, Principal Analyst, Planning & Community Development

SUBJECT: FY21 Impact Fee Revenue Corrections, Collection Began 6/28/2021

This memo explains errors recently discovered in the Childcare and Public Safety Impact Fee (impact fees) funds that require additional refunds; and corrects a misplaced journal entry that was made in an attempt to correct a refund from my 7/19/21 memo (See Revised Table 1).

Additional Refunds: Our department officially began collecting revenues for all permits issued as of June 28, 2021. The impact fees were effective as of 6/26/2021; however, this start date fell over a weekend. Prior to 6/28/2021, impact fees should not have been charged and collected from any applicants; however, upon preparation of the Annual Impact Fee Report with Accounting/Finance, several revenue collections were found that were paid prior to the fee start date. In FY 21, two building permits were issued (B21-0113 and B19-0684) and received impact fee charges. These permits were issued and paid on 6/21/21 and 6/24/21 and should not have been charged. The corrections submitted from the 7/19/21 memo still stand, and the changes below should be made in addition to the corrections already made by Finance per the 7/19/21 memo (Attachment 1).

Correction to Actions from 7/19/21 Memo: Additionally, a correction from the 7/19/21 was mistakenly applied to the wrong account. B20-0404 required a refund of \$9,870.94. This amount is reflected correctly in the table below; however, the reduction was accidentally applied to the Fire Fund. A journal entry is required to add \$9,870.94 back to the Fire Impact Fee Fund and reduce the amount from the Police Fund.

After the refund of \$1,111.41(for B21-0113) and refund of \$364.34 for B19-0684, final revenues for FY 21 for childcare, police, and fire impact fees should be:

Revised Table 1 Refund – (R) Journal Entry – (J)

7/19/21 Memo Correction + Refund		12/2/2021 Refunds								
Fee Description	Account	Revenue Balance per Eden as of 6/30/21	Corrections B20-0404	Corrections B21-0095	Revised Balance	Total Revised Balance By Fee	Refund B21-0113	Refund B19-0684	Revised Balance By Account	Total Revised Balance By Fee (12/2/21)
Childcare Impact Fee	218-50-72-1303-46347	1979.67	-529.58 (R)	+9.88 (J)	\$1,459.97	\$1,479.05	-381.13(R)	-124.94(R)	953.90	\$972.98
2% Admin Charge – Childcare	101-00-00-0000-46906	29.05	-.09(R)	-9.88 (J)	\$19.08		-	-	19.08	
Fire Impact Fee	217-21-31-2207-46348	1741.94	+774.20 (J)	-.18 (J)	\$2,515.96	\$2,556.66	-361.66(R)	-118.56(R)	2076.44	\$2,117.14
2% Admin Charge – Fire	101-00-00-0000-46907	40.52		+.18 (J)	\$40.70		-	-	40.70	
Police Impact Fee	215-20-22-2111-46349	13211.46	-774.20 (J)	+9.54 (J)	\$2575.86	\$2,617.58	-368.62 (R)	-120.84 (R)	2128.12	\$2,169.84
2% Admin Charge - Police	101-00-00-0000-46908	51.26		-9.54 (J)	\$41.72		-	-	41.72	
Total Impact Fee Revenues FY21						\$6,653.29				\$5,259.96

CC: Patricia Dodge, Principal Analyst, Police
 Kelly Kumeck, Fire Prevention Technician
 Robert Oatey, Deputy Chief, Fire
 Robert Young, Deputy Chief, Fire

