



City Council AGENDA REPORT

DATE: 11/30/2022

AGENDA OF: 12/13/2022

DEPARTMENT: Planning & Community Development

SUBJECT: FY 2022 Development Impact Fee Annual Report for Childcare and Public Safety Impact (Police and Fire) Fees (PL)

RECOMMENDATION: Motion to accept and approve the attached FY 2022 Impact Fee Report for the Childcare and Public Safety Impact Fees and to direct staff to use the Childcare Impact Fee revenues to help fund the pre-development and development costs associated with the childcare facility in the Library and Affordable Housing Project being contemplated for Lot 4 at the northeast corner of Cedar and Cathcart Streets, should that project ultimately be approved.

BACKGROUND: In April 2021, the City Council adopted the Childcare and Public Safety Impact fees. The fees were effective as of June 26, 2021. California Government Code Section 66006 requires annual reporting requirements for development impact fees to occur within 180 days after the close of the fiscal year and includes specific reporting requirements as more fully described in the attachment. The statute requires that the City produce a report on the developer impact fees and make it available to the 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 Council shall mail them notice of the time and place of the meeting at least 15 days prior to the meeting. Staff has made available the report at the Planning and Community Development Department public counter as of November 28, 2022. The report will remain at the public counter throughout the end of January 2022 for members of the public to view.

DISCUSSION: From July 1, 2021 to June 30, 2022, the Impact Fees collected were:

- **Public Safety Impact Fee – Police Fund (Fund 215):** \$16,138.08
- **Public Safety Impact Fee – Fire Fund (Fund 217):** \$16,676.76
- **Childcare Impact Fee (Fund 218):** \$19,913.11

Childcare Impact Fee Funds Reallocation

Staff received previous City Council direction to utilize the funds collected from the Childcare Impact Fee towards funding a childcare facility assessment. This study would evaluate the childcare needs throughout the City and inform where future Childcare Impact Fee revenues could be prioritized. However, with the City sponsoring the Library Affordable Housing Project, staff is recommending that the funds be allocated to the childcare facility that is planned within that project.

As noted above, the Childcare Impact Fee funds collected for Fiscal Year 2022 totaled \$19,913.11. While this report focuses on Fiscal Year 2022, the Childcare Impact Fee balance

also includes revenues from Fiscal Year 2021 and 2023. As of November 30, 2022, the total Childcare Impact Fee balance is approximately \$31,052.

The pre-development and development costs associated with the childcare facility in Library Affordable Housing Project will far exceed the revenue collected through the course of the project's construction. While funding a facilities study would still be a recommended course of action to help direct future revenue allocations, the City's childcare facility offers an opportunity to contribute funding towards a City-sponsored childcare facility that is designed for that specific use and that can offer childcare services in perpetuity. Direction to allocate funding to the childcare portion of the Library Affordable Housing Project would in no way pre-determine the City Council's vote on said project, and the funds would be re-purposed for the previously anticipated facilities study if the project were to be denied. As this report occurs on an annual basis, staff will report back to Council as to the disbursements of the Childcare Impact Fee towards the childcare facility within the Library Affordable Housing Project on at least an annual basis, and Council could direct staff to re-purpose any unencumbered funds as part of those annual reports. Staff would recommend that, after the total amount of fund disbursement to the childcare component of the Library Affordable Housing Project is specified through a future report to and action by the Council, that funding then go towards the previously-identified approach of preparing a childcare facility assessment.

FISCAL IMPACT: The preparation of this report has no fiscal impact. The Public Safety Impact Fees directly offset what would otherwise be general fund expenditures. The Childcare Impact Fee could reduce costs that the City would need to seek through grants or could provide matching funds towards grants that the City would seek in providing funding for the larger Library Affordable Housing Project, though funds from the Childcare Impact Fee would only go towards the childcare facility component of the project.

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ATTACHMENT:

- 1) 2022 Development Impact Fee Annual Reports for Childcare Impact Fee and Citywide Public Safety Impact Fee (Police & Fire) Fund Fiscal Year Ending June 30, 2022
(Also posted on <https://www.cityofsantacruz.com/government/city-departments/staff-reports-memos> in compliance with Government Code Sec. 66006(a).)