



CITY COUNCIL AGENDA STATEMENT



December 10, 2019

File ID: 19-0516

TITLE

ANNUAL REPORT REGARDING DEVELOPMENT IMPACT FEES, THE PARKLAND ACQUISITION AND DEVELOPMENT FEE, AND TRUNK SEWER CAPITAL RESERVE FUNDS FOR THE FISCAL YEAR ENDING JUNE 30, 2019

RECOMMENDED ACTION

Council receive the report.

SUMMARY

California Government Code Section 66000 requires local agencies assessing Development Impact Fees (DIFs) and sewer capacity charges to make available to the public specified financial data each fiscal year (FY). This report satisfies that requirement and has been available in the City Clerk's Office for public review since November 25, 2019. An equivalent report for the Parkland Acquisition and Development (PAD) fees is included in this report for ease of reference and convenience to the public.

Local agencies are also required to make findings every five years for any DIF funds that remain unexpended. These findings must identify the purpose of the fee and demonstrate a reasonable relationship between the fee and the purpose for which it was charged. In the FY 2017 report, the City identified unexpended funds that were on deposit for five or more years and elected to make required findings. No findings are required this year, and the next five-year findings will be prepared in conjunction with the annual report to be prepared for FY 2022.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change to the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The City of Chula Vista assessed several types of DIFs, PAD fees, and Trunk Sewer Capital Reserve fees during the fiscal year ending June 30, 2019. The major categories of facilities financed via DIFs include roadways, traffic signals, pedestrian bridges, sewer, and various other public facilities (including police stations, fire stations, recreational facilities, and others).

The subject fees are updated from time to time through either a comprehensive DIF program review or a Council-enacted automatic annual adjustment, based upon appropriate indices.

There were no comprehensive DIF updates completed in FY 2019. A comprehensive update of the Development component of the PAD fee was approved by the City Council in August 2018, effective October 2018.

In October of 2018, the following automatic index-based annual adjustments went into effect:

Fee Program	Previous Amount	Updated Amount (Oct 2018)	Difference	Per Unit
Eastern Transportation DIF	\$ 1,412.60	\$ 1,455.00	\$ 42.40	Average daily vehicle trip
Western Transportation DIF	\$ 426.00	\$ 438.70	\$ 12.70	Average daily vehicle trip
Bayfront DIF	\$ 1,029.70	\$ 1,060.50	\$ 30.80	Average daily vehicle trip
Traffic Signal Fee	\$ 38.75	\$ 39.92	\$ 1.17	Average daily vehicle trip
Salt Creek Sewer Basin DIF	\$ 1,441	\$ 1,484	\$ 43.00	Equivalent Dwelling Unit
Otay Ranch Village 1, 2, 5, & 6 Pedestrian Bridge DIF	\$ 908	\$ 921	\$ 13.00	Single-family dwelling unit
Otay Ranch Village 11 Pedestrian Bridge DIF	\$ 2,537	\$ 2,613	\$ 76.00	Single-family dwelling unit
Public Facilities Development Impact Fee	\$ 10,521	\$ 10,932	\$ 411.00	Single-family dwelling unit
Parkland Development Fee	\$ 5,768	\$ 7,894	\$ 2,126.00	Single-family dwelling unit
Trunk Sewer Capital Reserve Fee	\$ 3,738	\$ 3,851	\$ 113.00	Equivalent Dwelling Unit

Other fees addressed in this report remained at the same rate as in the previous fiscal year.

DEVELOPMENT IMPACT FEES

Eastern Transportation Development Impact Fee (ETDIF)¹

The ETDIF fee was established on January 12, 1988 via Ordinance 2251 to finance and coordinate the construction of new transportation facilities in the eastern territories of the City (i.e. generally east of Interstate 805) as well as to spread the costs associated with the construction of the program facilities equitably among the developing properties within the benefit area.

The ETDIF is subject to an annual index-based adjustment. In October 2018, the fee increased from \$1,412.60 to \$1,455.00 per average daily trip (ADT). The per-trip fee, example fees for various selected land use types, and detailed FY 2018-19 financial information are presented in Attachment 1, Schedule A.

Western Transportation Development Impact Fee (WTDIF)

The WTDIF fee was adopted on March 18, 2008 via Ordinances 3106 through 3110 to finance and coordinate the construction of new transportation facilities in the western neighborhoods of the City (i.e. to the west of Interstate 805, but generally east of Interstate 5) as well as to spread the costs associated with the construction of the program facilities equitably among the developing properties within the benefit area.

The WTDIF is subject to an annual index-based adjustment. In October 2018, the fee increased from \$426.00 to \$438.70 per ADT. The per-trip fee, example fees for various selected land use types, and detailed FY 2018-19 financial information are presented in Attachment 1, Schedule B.

Bayfront Transportation Development Impact Fee (BFDIF)

The BFDIF was adopted on November 18, 2014 via Ordinance 3327 to finance and coordinate the construction of new transportation facilities in the Chula Vista Bayfront area, as well as to spread the costs associated with the construction of the facilities equitably among the developing properties within the benefit area. This fee is applicable to new development in the Chula Vista Bayfront area, generally described as properties west of Interstate 5 and between E Street and Naples Street.

The BFDIF is subject to an annual index-based adjustment. In October 2018, the fee increased from \$1,029.70 to \$1,060.50 per ADT. No financial activity was recorded in FY 2018-2019 for the BFDIF.

Traffic Signal Fee

The Traffic Signal fee was adopted to finance and facilitate construction of traffic signal improvements required to mitigate increases in traffic volume caused by new development. This citywide fee is assessed per ADT.

The Traffic Signal fee is subject to an annual index-based adjustment. In October 2018, the fee increased from \$38.75 to \$39.92 per trip. Detailed FY 2018-19 financial information is presented in Attachment 1, Schedule C.

¹ The municipal code chapters for all three of the Transportation DIFs (ETDIF, WTDIF, and BFDIF) were consolidated with Ordinance 3440, effective November 1, 2018.

Poggi Canyon Sewer Basin Development Impact Fee

The Poggi Canyon Sewer Basin fee was adopted to finance and facilitate construction of the Poggi Canyon Trunk Sewer, serving properties within the benefit area. This fee is applicable to the Poggi Canyon Basin. The fee was established at \$400 per equivalent dwelling unit (EDU) in 1997.

In June 2009, the Poggi Canyon Sewer DIF was updated and the fee was reduced to \$265 per EDU. The fee remains unchanged since the 2009 action. The fees for land use types, as well as detailed FY 2018-19 financial information, are presented in Attachment 1, Schedule D.

Salt Creek Sewer Basin Development Impact Fee

The Salt Creek Sewer Basin fee was adopted to finance and facilitate construction of the Salt Creek Trunk Sewer, serving properties within the benefit area. This fee is applicable to the Salt Creek Sewer Basin, a portion of the Upper Otay Lake Basin north of the Salt Creek Sewer Basin, Wolf Canyon Basin, and a portion of the Lower Otay Lake Basin east of the Salt Creek Sewer Basin.

In July 2015, the City Council considered and approved a comprehensive update of the Salt Creek Sewer Basin DIF. The 2015 action confirmed the existing rate of \$1,330 per EDU and authorized annual index-based updates. An index-based update was implemented in October 2018, increasing the fee from \$1,441 to \$1,484 per EDU. The fees for land use types, as well as detailed FY 2018-19 financial information, are presented in Attachment 1, Schedule D.

Otay Ranch Village 1, 2, 5, & 6 Pedestrian Bridge Development Impact Fee

The Otay Ranch Village 1, 2, 5, & 6 Pedestrian Bridge fee was adopted to finance and facilitate construction of pedestrian bridge facilities serving the subject villages. A comprehensive update of the fee program was considered and approved by the City Council in December 2015. The 2015 action reduced the fee from \$1,114 to \$844 per single-family dwelling unit and authorized annual index-based updates. An index-based update was implemented in October 2018, increasing the fee from \$908 to \$921 per single-family dwelling unit.

The fees for land use types, as well as detailed FY 2018-19 financial information, is presented in Attachment 1, Schedule E.

Otay Ranch Village 11 Pedestrian Bridge Development Impact Fee

The Otay Ranch Village 11 Pedestrian Bridge fee was adopted to contribute to the funding and construction of two pedestrian bridges serving Otay Ranch Village 11, one crossing Hunte Parkway and one crossing Eastlake Parkway. The Eastlake Parkway pedestrian bridge is a shared obligation of the Eastern Urban Center (Millenia) Pedestrian Bridge DIF discussed below.

The Village 11 Pedestrian Bridge DIF is subject to an annual index-based adjustment. In October 2018, the fee increased from \$2,537 to \$2,613 per single-family dwelling unit. The fees for all land use types, as well as detailed FY 2018-19 financial information, are presented in Attachment 1, Schedule E.

Eastern Urban Center (Millenia) Pedestrian Bridge Development Impact Fee

The Eastern Urban Center (Millenia) Pedestrian Bridge Development Impact Fee was adopted to contribute to the funding and construction of the Eastlake Parkway Pedestrian Bridge in the Eastern Urban Center (Millenia) project area. This facility is a shared obligation of the Otay Ranch Village 11 Pedestrian Bridge DIF previously discussed.

The Eastern Urban Center (Millenia) Pedestrian Bridge DIF was established with an initial rate of \$615.13 per single-family dwelling unit via Ordinance 3273, adopted in August of 2013. The fees for land use types, as well as detailed FY 2018-19 financial information, are presented in Attachment 1, Schedule E.

Public Facilities Development Impact Fee (PFDIF)

The PFDIF was adopted to finance and facilitate construction of public facilities necessary to serve new development. The fee includes seven components. All components are subject to an annual index-based adjustment. In October 2018, the combined fee increased from \$10,521 to \$10,932 per single-family dwelling unit. Detailed FY 2018-19 financial information is presented in Attachment 1, Schedule F. The components of the PFDIF, including current fees are as follows:

- Administration Program (\$673) - Administration of the PFDIF program, oversight of expenditures and revenues, preparation of updates, calculation of costs, etc.
- Civic Center Expansion (\$3,133) - Expansion of the Civic Center per the 1989 Civic Center Master Plan to provide sufficient building space and parking needed to serve new development. The Civic Center Master Plan was updated in July 2001 to include impacts of Otay Ranch development. Project phases included the remodel and expansion of City Hall, remodel of the Public Services Building and remodel of the former Police Facility, Community Development and Legislative Buildings. The fee includes associated capital expenses.
- Police Facilities and Equipment (\$1,873) - Improvements per the Civic Center Master Plan to provide sufficient building space and associated facilities needed to serve new development. Improvements include construction of a new police facility, upgrading the communications center and installation of new communication consoles. This fee also includes the purchase and installation of a computer-aided dispatch system (CAD), Police Records Management System, Mobile Data Terminals, and police vehicles.
- Corporation Yard Expansion/Relocation (\$502) - Relocation of the City's Public Works Center from the Bayfront area to the more centrally located site on Maxwell Road. The fee also includes the purchase of new vehicles directly attributable to new development and the need to maintain an expanding infrastructure network.
- Library System Expansion (\$1,801) - Improvements include construction of the South Chula Vista Library and future planned libraries and installation of an automated library system. This component is based on the facility needs identified in the Library Master Plan and is applicable to new residential development only.

- Fire Suppression System Expansion (\$1,583) - Projects include the relocation of Fire Stations 3 and 4, construction of a fire training tower and classroom, purchase of a brush rig, installation of a radio communications tower and construction of various fire stations in developing areas of the City. This fee currently reflects the nine-station network called for in the 1999 Fire Station Master Plan. This fee also includes the purchase of fire apparatus for new stations, as required to serve new development.
- Major Recreation Facilities (\$1,367) - Component added in November 2002 to build major recreation facilities required to serve new development such as community centers, gymnasiums, swimming pools, and senior/teen centers. This component is based on the facility needs identified in the Park & Recreation Master Plan and is applicable to new residential development only.

Although the majority of the public facility project costs are borne by new development, it is important to note that some public facility projects contain both a City and new development cost share. The City share often reflects “joint impetus” projects, which are necessitated by growth and non-growth factors and/or the City’s obligation to correct pre-existing space/equipment deficiencies. The PFDIF fees only relate to new development’s cost share for each component.

Parkland Acquisition and Development (PAD) Fees

The PAD in-lieu fee was adopted by the City to acquire neighborhood and community parkland and to construct parks and recreational facilities. The acquisition component of the fee is set at \$12,676 for areas east of Interstate 805 and \$4,994 for areas west of Interstate 805, per single-family dwelling unit.

The development component of the fee is applicable citywide and is subject to an annual index-based adjustment. Due to increasing parkland development costs, the City of Chula Vista City Council approved Resolution No. 2018-163 on August 7, 2018, increasing the development component of the PAD Fee. The fee increase took effect 60 days after City Council adoption, on October 7, 2018 and no annual indexing occurred in 2018. The 2018 action increased the development component of the PAD fee from \$5,768 to \$7,894 per single-family dwelling unit, increasing the combined fee from \$18,444 to \$20,570 and from \$10,762 to \$12,888 for areas east and west of Interstate 805, respectively.

The PAD fee is applicable to new residential development only. In FY 2013-14, the fee requirement for hotel and motel developments was eliminated via Ordinance 3303. The fee requirement for Accessory Dwelling Units was eliminated via Ordinance 3424. The fees for residential land use types, as well as detailed FY 2018-19 financial information are presented in Attachment 2.

Trunk Sewer Capital Reserve Fees

The Trunk Sewer Capital Reserve fee was established in 1985 by Ordinance 2107 to finance all or a portion of the cost to enlarge sewer facilities to enhance efficiency of utilization and/or adequacy of sewer capacity.

The fee program was last comprehensively updated in 2014, decreasing the fee per EDU from \$3,478 to \$3,450. The 2014 action also authorized annual index-based updates. An index-based update was

implemented in October 2018, increasing the fee from \$3,738 to \$3851 per EDU. Detailed FY 2018-19 financial information is presented in Attachment 3.

Interfund Loans

On February 17, 2015, the City Council approved an Interfund Loan Policy, along with a series of resolutions affirming and consolidating various interfund loans between DIF, PAD, and Trunk Sewer Capital Reserve Funds. Pursuant to the Policy, all interfund loans will accrue interest charges equal to the City's actual pooled cash investment return. As a result of this change, the interest charges to date for all existing interfund loans were recalculated. The total amount due, as reported in the attached schedules may, therefore, vary significantly from the amounts presented in prior reports. In addition, interest rates will no longer be reported for interfund loans in this report, as the applicable rate will vary based upon the City's actual investment returns.

FY 2018-19 Financial Information

Detailed FY 2018-19 financial information is presented in the Attachments as follows:

- Attachment 1, Schedules A through E, reports the required financial information for all DIFs except the PFDIF. Attachment 1, Schedule F reports the required financial information for the PFDIF and its components.
- Attachment 2 reports the required financial information for the PAD fees.
- Attachment 3 reports the required financial information for the Trunk Sewer Capital Reserve fees.

The schedules contain the following items:

- The amount, description, and purpose of each fee.
- Beginning balance as of July 1, 2018.
- Fees received during the FY ending June 30, 2019.
- Other miscellaneous revenues received during the FY ending June 30, 2019.
- Interest earned from investing the cash balances available in each fund or from interfund loans during the FY ending June 30, 2019.
- Expenditures from each of the funds during the FY ending June 30, 2019.
- Ending balances as of June 30, 2019 for each fund – unaudited figures.
- Outstanding balances of interfund loans made from DIF/PAD/Trunk Sewer Capital Reserve funds, as of the end of FY 2018-19.
- A description of each capital and non-capital project with expenditures funded entirely or in part by DIF/PAD/Trunk Sewer funds in FY 2018-19 and the percentage of the project funded by the fee through FY 2018-19. More detailed information on capital projects is available in the annual Capital Improvement Program (CIP) Budget.
- Identification of an approximate date by which the construction of public improvements will commence.

In an effort to make information readily available to interested parties, copies of this report were sent to the San Diego Building Industry Association, Baldwin & Sons, Brookfield Homes, CalAtlantic Homes, Chelsea Investment Corporation, Chestnut Properties, HomeFed Corporation, KB Home Coastal, Meridian

Development, Pacifica Companies, Shea Homes, Sudberry Properties, Cornerstone Communities and Trammel Crow Residential.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, *et seq.*).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

This is an informational report and there is no fiscal impact associated with accepting or rejecting the report.

ONGOING FISCAL IMPACT

This is an informational report and there is no fiscal impact associated with accepting or rejecting the report.

ATTACHMENTS

1. FY 2018-19 Financial Information for all DIFs, including PFDIF (Schedules A through F)
2. FY 2018-19 Financial Information for PAD Fees
3. FY 2018-19 Financial Information for Trunk Sewer Capital Reserve Fees

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