



# Lompoc City Council Agenda Item

**City Council Meeting Date:** September 17, 2013

**TO:** Laurel M. Barcelona, City Administrator

**FROM:** Brad Wilkie, Management Services Director  
b\_wilkie@ci.lompoc.ca.us

**SUBJECT:** Supplemental Information Report to the Annual SB1293 Report on  
AB1600 Development Impact Fees

---

## **Recommendation:**

Staff recommends the City Council:

- 1) Receive this report as requested at the September 3, 2013, City Council meeting; and
- 2) Provide direction.

## **Background:**

State of California Assembly Bill 1600 (AB 1600) – the Mitigation Fee Act (Gov. Code, Sections 66000 *et seq.*) sets forth the standards against which monetary exactions on development projects are measured. Development impact fees that are collected are segregated and placed in special funds or accounts, which earn interest. Those funds are held for the eventual construction of facilities for which the fees are collected, in accordance with Government Code Section 66006.

As of June 30, 2013, the City had 12 separate and distinct fees that are collected, pursuant to AB 1600. Several of the accounts have had significant expenditure activity since 2003, while others have accumulated funds for longer-term projects. This supplemental report provides information on the expected uses of the fees generated, as well as actual expenditures, along with any remaining specific projects that have yet to be constructed using AB 1600 fees or a combination of AB1600 and other resources.

Following is a summary listing of the fees, along with the balance for each fee account, as of June 30, 2013:

<u>Fee Type and Description</u>	<u>June 30, 2013 Balance</u>
Traffic Signals	\$ 1,451,186.53
Streets	2,003,245.91
Bikeways	19,569.82
Fire Protection Facilities and Equipment	92,936.13
Park Land Acquisition	593,748.11
Park Improvements	1,353,268.93
Community and Recreation Center Facilities	366,021.58
Library Facilities and Materials	245,684.41
Police Facilities and Vehicles	187,476.74
Water Utility System	(3,786,954.79)
Wastewater Utility System	(2,661,071.60)
Refuse Container Costs	-

In the Discussion section below, the purpose of each impact fee will be summarized from the original study from November 2003 (Study). Expenditure activity, revenue activity and remaining identified projects to be completed will be summarized as well.

### **Discussion:**

#### **Traffic Signals**

Thirteen specific traffic signal locations were identified in the Study for construction. Of the 13 identified, eight are needed because of new development. Based on engineering studies, none of the eight locations have been constructed. Approximately \$182,000 per location has been collected since fees were introduced in 2003, while the Study anticipated the locations costing \$200,000 each. In current dollars, the cost per location is now approximately \$276,000. The decision to install and the timing of the installation of any of the remaining traffic signals is based on facts analyzed by the Public Works' Engineering Division.

#### **Streets**

Three projects are included in the Study related to street improvements with varying responsibility between existing and new development. The decision to move forward with any of the three projects is a significant process and is initiated by the Public Works' Engineering Division based on specific factors.

Following is a graph of the projects and the relative cost associated with new development:

<u>Street Improvement Project</u>	<u>Estimated Project Cost</u>	<u>New Dev'l % Resp</u>	<u>New Dev'l Cost Share</u>
East-West River Crossing	\$ 26,000,000	40%	\$ 10,400,000
North H Street Capacity	22,000,000	40%	8,800,000
North-South Arterial Widening	37,000,000	100%	37,000,000

The Street Improvement fee has been waived since 2010 and approximately \$2,000,000 of the required \$31,600,000 (in current costs) has been collected since 2003. None of the three projects have been constructed although preliminary design and engineering has occurred related to improvements at the North H Street and Central Avenue intersection, a portion of the North H Street Capacity project, utilizing resources other than Street Improvement fees.

### Bikeways

The Bikeways fee is the first of several that are not tied to specific identified improvements. The fee is intended to provide resources such that the existing ratio of bikeway assets to population is maintained as the City grows. The amount of \$19,102 has been collected since 2003, and no expenditures for bikeway construction have been made from impact fees. While several bikeway projects have been constructed, impact fee resources have not been utilized for construction. Examples of constructed bikeway improvements include the Allan Hancock Bikeway and the Multipurpose Trail.

### Fire Protection Facilities and Equipment

The Study specifically excluded analysis of a third station east of the Santa Ynez River, but does identify the City's desire to relocate the existing second station from 1100 North D Street to another area in the northern portion of the City. The Study further states that no new apparatus or facilities are required to serve future development. The Study identified the current replacement cost of facilities and apparatus and the service area in acres, including all future development areas. The resulting cost per acre was used to determine the impact fee for the Fire Protection Facilities and Equipment fee.

While some expenditures appear to have occurred in 2002 and 2003 (the Fire Impact Fee was the first to be created and existed prior to the November 2003 Study implementation date), the vast majority of the \$95,087 collected is still available for capital replacements of the identified facilities and apparatus.

### Park Land Acquisition and Park Improvements

As with the Bikeways fee, both Park Land Acquisition and Park Improvement fees are not tied to specific improvement projects but to maintaining the desirable ratio of park acreage to population. The Park Land Acquisition is not imposed uniformly on all new construction permits, but rather a decision process is utilized to determine whether a permit is subject to Park Quimby fees or not. If a development has provided a park or has otherwise paid Quimby fees, the individual units are not subject to the Park Land Acquisition fee. Expenditures of approximately \$493,000 have been made from Park Improvement fees for a number of projects, including installation of playground equipment, efficiency improvements, Barton Park's Barkin Park, and Riverbend improvements. No acquisition costs have been expended to date from the Park Land Acquisition account, although expenditures have occurred over the same period from fees collected under the Quimby program. Collection of Park Land Acquisition fees allows consistent treatment of new development related to Parks, whether the new development is through a recorded map for a group of units or the new development occurs on a single parcel basis.

### Community and Recreation Centers

As with the Bikeways fee, the Community and Recreation Centers fee is not tied to specific improvement projects, but to maintaining the desirable ratio of Community and Recreation facilities to population. Four centers are identified in the Study and include:

- Anderson Recreation Center
- Lompoc Valley Community Center (now the Dick DeWees Senior and Community Center (DeWees Center))
- Lompoc Civic Auditorium
- Lompoc Valley Aquatic Center

Expenditures have been made from Community and Recreation Center fees for a number of projects, including efficiency improvements, a timer scoreboard at the Aquatic Center and equipment to partially outfit the DeWees Center of approximately \$220,000.

### Library Facilities and Materials

As with the Bikeways fee, the Library Facilities and Materials fee is not tied to specific improvement projects, but to maintaining the desirable ratio of Library facilities to population. The Study did identify a needs assessment suggesting expansion of the existing library by approximately 10,000 square-feet, to a total of 30,000 square-feet. The proposed Charlotte Web library is not mentioned in the Study.

Approximately \$245,000 has been collected in this fee category, with no previous expenditures from the fees collected. The FY 2013-15 Budget includes appropriations from this category to implement an inventory tracking and self-checkout system at the Library, as well as funds to implement the Charlotte Web bookmobile. Both projects will enhance the Library's ability to serve additional customers and if both are completed during the FY 2013-15 Budget cycle, all currently received fees will have been utilized for qualifying projects.

#### Police Facilities and Vehicles

The fee for Police Facilities and Vehicles is based on two factors. The first is the anticipated expansion of the existing police building, as well as the acquisition of replacement patrol vehicles needed to serve current and future development. Approximately 10 percent of the fee collected is for the vehicle portion and the remainder is for the facility expansion. Approximately \$650,000 is anticipated in revenues (based on 2003 values) for future development's portion of the facility expansion costs of \$3,195,000 and the eventual replacement of the existing facility, estimated at \$3,194,776 (both costs are in 2003 values). The \$650,000 is approximately 20 percent of the expansion project costs and 10 percent of the replacement and expansion projects cost representing new development's share of the improvements.

#### Water and Wastewater

Fees for both Water and Wastewater are based on new development's share of facilities necessary over the 2000-2025 planning horizon. Since most water and wastewater facilities cannot be built incrementally as development occurs, the anticipated projects needed to serve existing and future customers in both utilities listed in the Study have been or will be built utilizing bond proceeds. In the Water Utility, of 10 major projects listed in the Study as necessary improvements, all but two have been completed from proceeds derived from one of the 1998, 2005 or 2007 bond issues. These completed projects account for \$17,630,000 of projected expenditures of the total \$25,680,000 identified in the 2003 Study. The Study identified approximately 30 percent of these costs as attributable to new development.

In the Wastewater Utility, there are two primary projects identified to serve new development and both are at the Wastewater Treatment Plant. Both have been completed utilizing proceeds from a variety of loan and bond debt. At the time of the Study, the City anticipated securing a loan from the State Revolving Loan (SRF), along with previously issued bond debt. The City actually issued additional bond debt, along with the SRF, to secure adequate funds to complete the Treatment Plant improvements.

The Study includes fee schedules that incorporate the anticipated debt service obligations for both Water and Wastewater. As new development is not linear, the

schedules are graduated to adjust the impact fees, such that new development pays for its fair share of costs, regardless of when the new development occurs. With the downturn in the economy in the 2007-2011 period, fewer units have been built since the fees were implemented in 2003 than anticipated. However, as long as the anticipated growth occurs over the life of the impact fee and the life of the underlying debt, the City will recover the new development's share of the construction costs of improvements funded with bond proceeds. Because of the downturn, both Water's and Wastewater's fee balances are negative reflecting the allocation of existing debt service annually per a schedule, without related revenues necessary to offset the portion of the debt service attributable to new development.

It should be noted that there are no costs attributable to new development for Water or Wastewater for distribution or collections systems. Large development projects install their own systems that are then donated to the City upon completion at no cost to the City. Single development projects either are built where distribution or collection systems exist or pay the full cost associated with connecting to our existing systems. Both Water and Wastewater have significantly negative balances in their fee accounts as of June 30, 2013, of approximately \$6,450,000 in total. Unless the new development anticipated as part of the 1997 General Plan does not occur by roughly 2034, the City will recover the full amount anticipated in the Study. The cash shortfalls or surpluses in each Utility, due to the timing issues identified here, do have to be accounted for by each Utility to insure each are in compliance with bond covenants and other regulatory limitations.

### Refuse Containers

The Study provides a fee for refuse containers such that the cost of providing containers to new development can be recovered from the new development. The fee is simply a pass-through of the City's actual costs of providing containers to the new development. As the fee is collected at the time a new unit is under construction, the City has the funding to pay for the new containers to be provided to the new unit at the time they begin service by the Solid Waste Utility. While fees have been collected since 2003 for this category, each year's collections are offset by a like amount of costs to purchase the containers and the ending balance each year for this fee is zero.

### Fiscal Impact:

The 2003 Study was the final step in a multi-phase process to implement Impact Fees. Some of the fee types are based on elements derived from the 1997 General Plan, while several of the fees rely on the 15-year capital improvement plan (CIP plan), which was also approved in 2003. The 15-year capital improvement plan included some project costs requiring substantial planning and preliminary design that also took time to prepare. The Lompoc Regional Wastewater Treatment Plant (LRWTP) is an example, as it required a dedicated consultant contract to develop the project scope and cost

estimates. The CIP plan, according to the December 17, 2002, staff report used to present it, took “several months” to prepare and was prepared, in part, as a planning tool to update the City’s AB1600 Development Impact fees, which had been last updated in 1990.

Once the 2030 General Plan is adopted, approved elements can then be used to assist with a recommended update to the 15-year CIP plan and upon its completion, a new AB1600 study can then be initiated.

While the cost of the CIP plan is unknown and appears to have been compiled by City staff throughout the agency, the 2003 Study was approximately \$60,000 and the LRWTP study was approximately \$38,000.

Reimplementing the Street Improvement fee can be done with the adoption of a resolution that rescinds the resolution extending the temporary suspension of the fee. While the most recent extension of the suspension identified the end date of the suspension to coincide with the adoption of the circulation element of the 2030 General Plan, there is no statutory reason for the fee suspension to be tied to the adoption of the circulation element.

**Conclusion:**

The purpose of this supplemental staff report is to provide information to the City Council above and beyond the information required to comply with the Mitigation Fee Act (Gov. Code Sections 66000 *et seq*), commonly called Impact Fees and SB1693, which governs the annual reporting requirements for Impact Fees.

Respectfully submitted,

---

Brad Wilkie, Management Services Director

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

---

Laurel M. Barcelona, City Administrator

- Attachments: 1) [2003 Impact Fee Study final report](#)  
2) [2002 Capital Improvement Plan](#)