

March 18, 2025

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to adopt a Resolution approving the Annual and Five-Year Reports for the Transportation Improvement, Parks and Recreation Facilities, Fire Facilities Impact, Police Facilities Impact, and Sensitive Coastal Resource Impact Fees. (Citywide)

DISCUSSION

New development affects the level of services provided through the City of Long Beach (City) facilities, infrastructure, land, and equipment. To accommodate the needs of new residents and businesses, the City imposes impact fees to expand these resources as follows:

- Transportation Improvement Fee
- Parks and Recreation Facilities Fee
- Fire Facilities Impact Fee
- Police Facilities Impact Fee
- Sensitive Coastal Resource Impact Fee

The Annual and Five-Year Reports provide information to the City Council and the public and fulfill State Government Code and Long Beach Municipal Code (LBMC) mandated reporting and disclosure requirements. The attached Resolution contains the reports on each impact fee as exhibits.

This report reflects the City's Fiscal Year 2024 (FY 24) actual performance and fund balance information based on preliminary close information that has not yet been audited.

Annual Reports

The California Government Code requires that local agencies that impose fees in connection with the approval of development projects make information available to the public on an annual basis. The LBMC adds other elements to these requirements. The reports provide information on what the fees are, the fund balance of each fund, and how the money was spent in the prior fiscal year. Additionally, annual reports for the Transportation Improvement and Parks and Recreation Facilities fees are required to list planned uses of revenue for the upcoming year. Anticipated completion date and funding needs are estimates which are subject to change based on various factors such as project scope and availability of funding from non-impact fee sources.

As a result, the Annual Reports for Transportation Improvement and Parks and Recreation facilities fees include status updates from prior year reporting to provide information on changes to anticipated construction commencement and completion dates as well as impact fee funding estimates. This report does not include any requests to appropriate proposed uses of funding or to initiate work. Any work listed on the proposed annual plan that is not currently appropriated will only proceed at such a time that the detailed scope of work has been reviewed in consultation with the City Attorney's Office to ensure the uses are eligible for impact fee support and appropriations have been approved by the City Council.

Five-Year Reports

Government Code Section 66001 mandates additional disclosure requirements with respect to the retention of fee revenue remaining unexpended in the fifth year after collection. The five-year reports provide information on proposed uses for unexpended revenue across the various impact fee funds collected between FY 20 through FY 24. To ensure the City Council and the public are fully informed of the status of and planned uses for unexpended revenue, five-year reports are submitted annually. Five-year reports also include a listing of additional non-impact fee funding sources that are in place, anticipated, or are currently being sought to be used towards each listed public improvement. This report is not a request to appropriate proposed uses or initiate work. Any work listed on the five-year plan that is not currently appropriated will only proceed at such a time that the detailed scope of work has been reviewed in consultation with the City Attorney's Office to ensure the uses are eligible for impact fee support and appropriations have been approved by the City Council.

This matter was reviewed by Deputy City Attorney Ashleigh Stone and Revenue Management Officer Geraldine Alejo on March 3, 2025.

TIMING CONSIDERATIONS

City Council action is requested on March 18, 2025, as State law requires the information contained in these reports be made available to the public within 180 days after the last day of the fiscal year or by March 20, 2025.

FISCAL IMPACT

Revenue collected from development impact fees can only be used to offset the impact of new development. The annual revenue received is dependent on the amount and type of new development and its relationship to the purpose of the fee. In FY 24, impact fee expenditures totaled \$3,020,611 and impact fee revenue (including interest) totaled \$7,024,786. In FY 24, in accordance with state law, the City initiated a comprehensive Development Impact Fee Nexus Study covering Transportation Improvement, Parks and Recreation Facilities, Fire Facilities, and Police Facilities Impact Fees. The comprehensive nexus study is anticipated for completion in September 2025. Following completion, the study will be presented to the City Council along with department recommendations for rate adjustments based on study findings.

Transportation Improvement Fee Report

The Transportation Improvement Fee Report summarizes the status of implementation of the Citywide Traffic Mitigation Program (TMP). The TMP is the City's program for implementing transportation improvements needed to meet increased traffic resulting from economic growth. Funding for the program is derived from a combination of public funds, such as Gas Tax, federal grants, and Transportation Improvement Fees from new development.

Transportation Improvement Fee revenue is dedicated to transportation improvements for future growth. In FY 24, the Transportation Improvement Fee was applied to 1,637,687 gross square feet of residential unit development and 1,090,175 gross square feet of commercial development. This residential and commercial development generated an estimated increase of 989 evening peak hour car trips each day. In FY 24, the fund had a beginning balance of \$8,898,684 and received \$2,751,355 in fee revenue and interest. Expenditures for the same year totaled \$2,064,391 to fund various projects such as the Artesia Great Boulevard, Orange Ave. Backbone Bikeway, Shoreline Drive Realignment, Citywide Neighborhood Traffic Calming, and the Santa Fe Ave Traffic Signal Synchronization. The ending FY 24 fund balance is \$9,585,648 and may only be used to provide transportation improvements needed to serve new development. A summary of projects funded using Transportation Improvement Fee revenues is included in **Exhibit A** to the Resolution.

Parks and Recreation Facilities Fee Report

In February 1989, the City Council established the Parks and Recreation Facilities Fee (PRFF). This fee on new development is designed to maintain the existing level of service for existing and new residents. New residential development increases the population of Long Beach by providing more places to live, which results in an increased need for new parks and recreational resources. In FY 24, the Parks and Recreation Facilities Fee was applied to 1,637,532 gross square feet of residential unit development. Non-residential development is exempt from this impact fee.

In FY 24, the fund had a beginning balance of \$8,608,698. A total of \$3,744,300 in PRFF revenue, including interest, was received in FY 24 and \$679,373 was expended, leaving an ending fund balance of \$11,673,626. The ending fund balance will be spent in the upcoming and future years on eligible projects as listed on Exhibit B to the Resolution. In FY 24, PRFF funds were used for the Davenport Park Expansion, Parks Open Space 2006 Bond payments, and an updated Park Impact Fee Study. A summary of projects funded using PRFF revenues is also included in **Exhibit B** to the Resolution.

LBMC section 18.18 requires that the continued validity of the fee be evaluated every five years by a nexus study. In accordance with the LBMC section 18.18, City staff completed the required study in 2018 and 2022. As required by the LBMC, the Parks, Recreation, and Marine Department will present both completed studies to the City Council in FY 25. Finally, per the LBMC, rates are subject to an automatic annual rate adjustment based on the average percentage change over the previous calendar year in the Construction Cost Index for the Los Angeles metropolitan area. However, due to pending nexus studies, there have been no changes to the PRFF rates since 2015.

Fire Facilities Impact Fee Report

In April 2007, the City Council established the Fire Facilities Impact Fee. The fee is imposed on new developments to mitigate their impact on fire facilities. New developments increase the demand for public safety facilities. As such, revenues generated by Fire Facilities Impact Fees will help defray the costs associated with meeting the needs of the growing service population. These funds may only be used to expand services and facilities, which includes, but is not limited to, acquiring property, constructing new buildings, furnishing buildings, purchasing equipment, apparatus or vehicles or financing any of the above that will expand and support additional fire services attributable to new residential or nonresidential construction. In FY 24, the Fire Facilities Impact Fee was applied to 1,640,928 gross square feet of residential unit development and 881,947 gross square feet of non-residential development.

In FY 24, the fund had a beginning balance of \$1,385,528. A total of \$502,071 in Fire Facilities Impact Fee revenue, including interest, was collected. FY 24 expenditures totaled \$276,847 for the Electronic Patient Care Software and furnishings and equipment for Fire Stations 20 and 15. The ending fund balance is \$1,610,751 which is planned for future use towards medical infrastructure to address emergency 9-1-1 calls and the Electronic Patient Care Software. The estimated funding needed to purchase medical infrastructure is pending review of equipment, material and vehicle needs. A summary of projects funded using Fire Facilities Impact Fee revenue is included in **Exhibit C** to the Resolution.

Police Facilities Impact Fee Report

In April 2007, the City Council also established the Police Facilities Impact Fee to mitigate the impact of new developments on Police facilities. New developments increase the demand for public safety facilities and impact fees help defray the costs for these facilities. New development increases the demand for public safety facilities and impact fees help defray the costs for these facilities. Funds collected from the Police Facilities Impact Fee may be used for the following: to fund the acquisition of additional property for law enforcement facilities; construction of new buildings for law enforcement services; furnishing of new buildings or facilities for law enforcement services; purchasing of equipment and vehicles for law enforcement services; and funding of a master plan to identify capital facilities to serve new Police Department development. In FY 24, the Police Facilities Impact Fee was applied to 1,641,057 gross square feet of residential unit development and 881,947 gross square feet of nonresidential development.

In FY 24, the fund had a beginning balance of \$4,089,945. A total of \$802,800 in Police Facilities Impact Fee revenue, including interest, was collected in FY 24, with \$0 expended on projects, leaving an ending fund balance of \$4,892,745. Fund balances generated by Police Facilities Impact Fees will be used to help furnish the new Police Academy building, which is currently under construction. In addition, impact fees are planned to support the design, construction, and furnishing of the new Forensic Science Laboratory. Estimated project costs and impact fee use is pending review and will be available following the bid process. A summary of projects planned to be supported with Police Facilities Impact Fee revenue is described in **Exhibit D** to the Resolution.

Sensitive Coastal Resource Impact Fee Report

In FY 23, the City Council established the Sensitive Coastal Resource Impact Fee to mitigate the impact of new development within specific parcels located in the Mixed-Use Commercial Core and Mixed-Use Marina of the Southeast Area Specific Plan (SEASP) area. New development increases population and activity in the area, and impact fees help defray the costs for the increased monitoring and maintenance of sensitive coastal resources (buffer, wetlands, and habitat). Funds collected from the Sensitive Coastal Resource Impact Fee may be used for the following: to fund a baseline study, monitoring, and maintenance of the four acres of buffer-area and four acres of adjacent wetlands in the SEASP area. In FY 24, there were no eligible residential and non-residential development within the SEASP area. As such, the Sensitive Coastal Resource Impact Fee was not applied, and no revenue was generated in FY 24.

In FY 24, the fund had a beginning and ending balance of \$0. No Sensitive Coastal Resource Impact Fee revenue, including interest, was collected in FY 24, with \$0 expended on projects. Actual revenue is anticipated in FY 25 and will depend on square footage constructed within the SEASP mixed-use areas. As of FY 24, detailed uses for fund balances generated by Sensitive Coastal Resource Impact Fee have not yet been identified but are planned for monitoring and maintenance of sensitive coastal areas in the SEASP area as noted in **Exhibit E** to the Resolution. As this is a relatively new fee with no revenue collected to report, details for the proposed uses for each of the reported categories in the Five-Year Report are under development and will be reported to the City Council in March 2026 as part of next year's Annual and Five-Year Impact Fee Report.

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Kevin Riper
Director
Financial Management

APPROVED:



THOMAS B. MODICA
CITY MANAGER