

March 19, 2024

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 2023 (FY 23) 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 also include planned uses of revenue for the upcoming year. In addition to upcoming projects, this listing includes proposed impact fee use for projects that are in-progress or for project closing costs following project completion. This report does not

include a request to appropriate proposed uses or initiate work. Any work listed on the proposed annual plan that is not currently appropriated will only proceed at such 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 during FY 19 through FY 23. 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. 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 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 Taylor Anderson on March 5, 2024, and Acting Budget Manager Geraldine Alejo on February 26, 2024.

TIMING CONSIDERATIONS

City Council action is requested on March 19, 2024, 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 28, 2024.

FISCAL IMPACT

The amount of impact fees collected each year is dependent on the amount and type of new development and its relationship to the purpose of the fee. The impact fee revenue, including interest, for FY 23 was \$5,495,287. Impact fee expenditures in FY 23 totaled \$2,645,169. These fees can only be used to offset the impact of new development. In FY 24, the City is initiating a comprehensive Development Impact Fee Nexus Study covering Transportation Improvement, Parks and Recreation Facilities, Fire Facilities, and Police Facilities Impact Fees. 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 (Exhibit A to Resolution) 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 impact fees from new development. The TMP was designed as

the mechanism by which the City could implement its basic access strategy to support economic growth and maintain mobility.

In FY 23, the Transportation Improvement Fee was applied to 1,629,385 gross square feet of residential unit development and 1,023,569 gross square feet of commercial development. This residential and commercial development generated an estimated increase of 1,518 evening peak hour car trips each day. In FY 23, the fund had a beginning balance of \$8,460,540. The Traffic Mitigation Fee Fund received \$1,547,800 in fee revenue and interest during FY 23. Total expense for the same year totaled \$391,979 and funded the 91/605/405 Corridor Needs Assessment Study and the Artesia Great Boulevard Project. The ending FY 23 fund balance is \$9,616,360 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 23, the Parks and Recreation Facilities Fee was applied to 1,627,451 gross square feet of residential unit development. Non-residential development is exempt from this impact fee.

In FY 23, the fund had a beginning balance of \$7,649,057. A total of \$2,925,578 in PRFF revenue, including interest, was received in FY 23 and \$1,965,937 was expended, leaving an ending fund balance of \$8,608,698. The ending fund balance will be spent in future years on eligible projects. In FY 23, PRFF funds were used for the Davenport Park Expansion, an updated Park Impact Fee Study, Parks Open Space 2006 Bond payments, and the Wrigley Greenbelt Development. A summary of projects funded using PRFF revenues is included in Exhibit B to the Resolution.

Per LBMC Section 18.18, the PRFF must be revised annually through an automatic adjustment based on the average percentage change over the previous calendar year in the Construction Cost Index for the Los Angeles metropolitan area. However, there have been no changes to the PRFF rates since 2015. Additionally, the LBMC 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 24.

Fire Facilities Impact Fee Report

In April 2007, the City Council established the Fire Facilities Impact Fee, a fee imposed on new development to mitigate the impact of new development on fire facilities. New development increases the demand for public safety facilities. As such, revenues generated from Fire facilities impact fees will help defray the costs associated with meeting the needs of the growing service

population. In FY 23, the Fire Facilities Impact Fee was applied to 1,626,145 gross square feet of residential unit development and 1,081,567 gross square feet of non-residential development.

In FY 23, the fund had a beginning balance of \$1,274,250. A total of \$398,531 in Fire Facilities Impact Fee revenue, including interest, was collected in FY 23, with \$287,253 expended on projects, leaving an ending fund balance of \$1,385,528. 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 23, Fire Facilities Impact Fee funds were used to purchase software and hardware for the Electronic Patient Care System and furnishings and equipment for the new Fire Station 20. As listed on the Five-Year Report, in addition to continuing work related to enhancing the Electronic Patient Care System, Peak Load Ambulance equipment is planned to be funded with Fire Facilities Impact Fee revenue. 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 development on Police 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 23, the Police Facilities Impact Fee was applied to 1,626,145 gross square feet of residential unit development and 1,081,567 gross square feet of nonresidential development.

In FY 23, the fund had a beginning balance of \$3,466,566. A total of \$623,378 in Police Facilities Impact Fee revenue, including interest, was collected in FY 23, with \$0 expended on projects, leaving an ending fund balance of \$4,089,945. Fund balances generated from Police Facilities Impact Fees will be used to help furnish the new Police Academy building, which is currently under design for construction, as well as furnishings for the new Forensic Science Laboratory, as described in Exhibit D to the Resolution.

Sensitive Coastal Resource Impact Fee Report

In November 2022, 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 23, 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 generated in FY 23.

In FY 23, the fund had a beginning and ending balance of \$0. No Sensitive Coastal Resource Impact Fee revenue, including interest, was collected in FY 23, with \$0 expended on projects. Actual revenue is anticipated in FY 24 and will depend on square footage constructed within the SEASP mixed-use areas. As of FY 23, detailed uses for fund balances generated from Sensitive Coastal Resource Impact Fee has not yet been identified but is 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 new fee and no revenue collected to report, details for the proposed uses for each of the reported categories in the Five-Year Report is under development and will be reported to the City Council in March 2025 as part of the 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