



CITY COUNCIL AGENDA REPORT

Meeting Date: December 12, 2024

From: Carolina Yuen, Finance Director

Subject: Acceptance of Annual Report of Development Impact Fees for the Fiscal Year Ended June 30, 2024

Community Goal/Result

Safe Community
Community Building
Fiscally Prudent

Purpose

To review financial activity related to Development Impact Fees received for the Fiscal Year Ended June 30, 2024, as required by California Government Code Section 66006.

Recommendation

Staff recommends that the City Council accept the Annual Report of Development Impact Fees for the Fiscal Year Ended June 30, 2024.

Background

The California Government Code Section 66006, a subsection of the Mitigation Fee Act, requires local agencies with Development Impact Fees (DIF) to submit a report on the collection and use of these fees for public review within 180 days after the end of each fiscal year. This annual report must be reviewed and accepted by the City Council at a regularly scheduled public meeting. The annual review must include the following:

1. A brief description of the type of fee in the fund;
2. The amount of the fee;
3. The beginning and ending balance of the account or fund for the fiscal year;
4. The amount of the fees collected and any interest earned;
5. An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees;
6. An identification of an approximate date by which the construction of the public improvement will commence, if the local agency determines that sufficient funds have been collected to complete the financing on an incomplete public improvement;
7. A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred fees will be expended; and
8. The amount of unexpended revenues refunded.

In 2019, the City approved the Design Permit application submitted by Healthpeak for its project in Sierra Point. As a condition of approval, the developer was to pay \$1.5 million towards improvements for park planning at Sierra Point. The City received the funds in August 2020. These funds are in the Park Development Fund, are segregated from the General Fund, will be segregated from other DIF when and if those DIF are imposed and collected by the City and may only be used for the purposes for which the fee was imposed. In addition to the \$1.5 million, there are other funds in the Park Development Fund (earmarked for the Parcel R project), but those funds were collected pursuant to a development agreement and under the Mitigation Fee Act, those funds are not subject to the Act. Moreover, interest earned on this Fund is also deposited into the Fund. The fees must be used within five years of their collection but that time limit may be extended if justified. Although project approvals occurred in 2019, the use time frame began when the funds were actually received by the City in 2020. If these funds are not utilized within the 5-year timeframe, the City will be responsible for justifying an extension and identifying how the funds will be allocated within a reasonable time period. Otherwise, the funds must be returned to the developer.

In 2022, the City Council awarded a contract to CMG in the amount of \$199,758 for master planning services for Sierra Point Open Space and Parks. To date, the City has compensated CMG \$118,932.12 for services rendered. Twenty five percent (25%) of the cost related to the CMG contract has been allocated to the Parcel R project, and the remaining 75% (\$89,199) has been allocated to general park improvements at Sierra Point and charged against the DIF collected from Healthpeak.

In 2024, the City awarded a contract to Erler & Kalinowski (EKI) in the amount of \$36,700 and to Anchor QEA in the amount of \$36,500 for various Sea Level Rise assessments impacting the Sierra Point Open Space and Parks. To date, the City has compensated EKI \$2,323 and Anchor QEA \$20,442 for services rendered. One hundred percent (100%) of the cost related to these contracts have been allocated to the general park improvements at Sierra Point and charged against the DIF collected from Healthpeak.

Discussion and Fee Reporting Summary

Description and Amount – In 2019, the City approved the Design Permit application submitted by Healthpeak and imposed a \$1.5 million fee towards improvements for park planning at Sierra Point as a condition of approval. The City received the funds in August 2020. These funds have been deposited into the Park Development Fund. These Funds may be used for park planning purposes in Sierra Point and a portion of the fees have most recently have been expended to cover consulting costs related to the preparation of the Sierra Point Open Space and Park Master Plan.

Financial Information – For Fiscal Year 2023-24, the beginning balance of the Park Development Fund (as to that portion that is to be reported under the Mitigation Fee Act) was \$1,458,539. During the fiscal year, no additional fees were collected. The funds gained \$47,381 in investments. Expenditures of \$22,765 were incurred for eligible park planning projects and sea level rise study. The ending balance in the relevant portion of the Park Development Fund as of June 30, 2024, was \$1,483,155.

Development Impact Fee Report, Fiscal Year 2023-24					
Impact Fee Category	Fund Balance at 7/1/23	Total Collected FY23-24	Interest Earned FY23-24	Total Expenditures FY23-24	Fund Balance at 6/30/2024
Sierra Point Park Planning & Sea Level Rise Study	\$ 1,458,539	\$ -	\$ 47,381	\$ (22,765)	\$ 1,483,155
Total	\$ 1,458,539	\$ -	\$ 47,381	\$ (22,765)	\$ 1,483,155

Expenditure of Fees – Out of the Park Development Fund that is to be reported under the Mitigation Fee Act, the City spent \$22,765 towards Sierra Point Park Sea Level Rise Study consulting fees.

Construction Commencement Date – No projects requiring construction have been identified at this time.

Interfund Transfer or Loan – There were no interfund transfer or loans made during FY 2023-24.

Refunded Unexpended Revenues – No unexpended revenues were refunded during FY 2023-24.

Fiscal Impact

There is no fiscal impact from acceptance of this report.

Environmental Review

This action does not constitute a “project” as defined in California Environment Quality Act (CEQA) Guidelines Section 15378 and therefore no further CEQA analysis is required.

Attachments

1. Exhibit A: Development Impact Fee Report, Fiscal Year 2023-24



Carolina Yuen, Finance Director



Jeremy Dennis, City Manager