



Board Agenda Item 16

DATE: January 7, 2020

TO: Board of Supervisors

SUBMITTED BY: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Public Facilities Impact Fees FY 2018-19 Annual Report; Disposition of Unexpended Administration Charges from 2008 Public Facilities Impact Fees

RECOMMENDED ACTION(S):

- 1. Receive, review, and file the County of Fresno Public Facilities Impact Fees Annual Report of Revenues and Expenditures for the fiscal year ending June 30, 2019; and**
- 2. Direct that the unexpended Administration Charges from the 2008 Public Facilities Impact Fees (\$5,453.42 plus accrued interest) be utilized for administrative costs for a future facilities impact fee program.**

Approval of the first recommended action would satisfy the legal reporting requirement of Government Code Section 66006, subdivision (b), and Fresno County Ordinance Code section 17.90.080(D), requiring certain account information about the County's public facilities impact fees be made available to the public within 180 days after the close of the reporting period. The report, included as Attachment A, is similar to but separate from another report, also presented to the Board today in an item by the Department of Public Works and Planning, related to traffic mitigation impact fees, which is required by Fresno County Ordinance Code section 17.88.060(A).

The second recommended action would allow the remaining administrative charges collected in connection with the 2008 Public Facilities Impact Fees to be utilized for administrative costs related to a future facilities impact fee program, which staff expects will be presented to your Board for approval later this year.

This item is countywide.

ALTERNATIVE ACTION(S):

There is no viable alternative action. If your Board chooses not to receive, review and file the report, the County will be out of compliance with the Government Code Section 66006, subdivision (b), and with Fresno County Ordinance Code section 17.90.080(D). Additionally, if your Board does not approve the second recommended action, the unexpended funding would remain unspent, as there are no added administrative costs associated with the 2008 Public Facilities Impact Fees (PFIF). Alternatively, regarding the second recommended action, your Board may choose to deposit the unexpended Administration Charges into the General Fund; as any new fee program, if approved, would include collection of related administrative charges.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The 2008 Public

Facilities Impact Fees were collected between September 20, 2008 and November 9, 2010. Separate agenda items were taken before the Board in 2018 to expend the funding in the six categories (\$820,492.27); the unexpended Administration Charges (\$5,453.42 plus accrued interest) are proposed to be utilized for administrative costs for a future facilities impact fee program. The funding is held in Fund 1550, Subclass 15508.

DISCUSSION:

On June 14, 2005, the County engaged MuniFinancial, experts in the study and analysis of public facilities impact fees (PFIFs), to identify the needs for additional, expanded, and refurbished County public facilities caused by new residential and non-residential development in the County, and to advise the County on appropriate means of recovering the costs of those needed public facilities. Pursuant to that engagement, MuniFinancial conducted a detailed study, undertook a comprehensive analysis, and prepared a written report for the County, entitled "*Fresno County Public Facilities Impact Fees*," dated February 17, 2006, and further conducted a study and undertook an analysis, and prepared a memorandum for the County, dated March 6, 2008, with respect to such report.

On July 22, 2008, the Board adopted Fresno County Ord. No. 08-023 Chapter 17.90 of the County's ordinance code (Chapter 17.90), which authorized the imposition and collection of PFIFs with such implementation and collection of the fees to begin on September 20, 2008. The County's PFIFs were supported by MuniFinancial's 2006 report and updating 2008 analysis, and included PFIFs for the following categories:

1. Countywide Public Protection
2. General Government
3. Library
4. Health and Human Services
5. Sheriff Patrol and Investigation
6. County Parks
7. Administration Charge

Following the adoption of the Fee Ordinance, businesses and individuals experienced extraordinary and unforeseen adverse financial conditions that have substantially impacted the economy in the State and in the County. As a result, after holding public hearings in each instance, the Board imposed successive temporary suspensions of collecting these County PFIFs as follows: November 10, 2010 through November 9, 2012; November 10, 2012 through November 9, 2015; November 10, 2015 through November 9, 2017; and, November 10, 2017, through November 10, 2018. On October 9, 2018, the Board approved to discontinue PFIFs, which included the suspension of any requirement in Chapter 17.90 for the County to consider and take any possible action on any annual update of any such fees under the schedule(s) of fees. Those actions did not otherwise affect the Fee Ordinance. On October 9, 2018, the Board passed an Ordinance to amend the Title 17 - Divisions of Land, chapter 17.90 - Public Facilities Impact Fees and Schedule of Fees to discontinue the 2008 PFIFs

Local agencies, such as the County, are required annually to make available to the public certain information relative to their PFIFs. Under Government Code Section 66006, such information must be provided within 180 days after the close of the fiscal year. The same legal requirement is reflected in County Ordinance Code section 17.90.080(D). The Board must then review the information at its next regularly scheduled meeting, not less than 15 days after the information is made available to the public. The presentation of the annual report to your Board, including this report together with Attachment A, satisfies that legal requirement. The information includes the following:

1. A brief description of the fee.
2. The amount of the fee.
3. The beginning and ending balance of the fee fund.

4. The amount of the fee collected and interest earned.
5. Identification of the public improvements or acquisitions for which the fee was expended, the amount of the expenditure and the percentage funded by the fee.
6. The date by which construction will begin or acquisitions made if sufficient funds are available.
7. A description of each inter-fund transfer or inter-fund loan from the fund.
8. The amount of refunds made of unexpended funds once all projects for which the fee was imposed are completed.

As stated in Attachment A, the 2008 PFIF fund's beginning balance was \$816,875.14, there were no collections, \$9,070.55 in interest revenue, and \$820,492.27 expenditures, thereby making \$5,453.42 the fund's total balance for the fiscal year ending June 30, 2019. As further stated in Attachment A, the fees collected, and interest accrued, is set forth for each of the referenced accounts, above. Expenditures (\$820,492.27) to which the 2008 PFIFs were used to fund public improvements and/or acquisitions through FY 2018-19 include:

- Fund 1550, Subclass 15502 - Countywide Public Protection category (\$399,654.41) was used by the Department of Internal Services to pay for the radio communication system upgrade and refresh for emergency service jurisdictions.
- Fund 1550, Subclass 15503 - General Government category (\$245,083.24) was used by the Department of Internal Services to fund 8% of the cost for the Virtual Desktop Infrastructure (VDI) solution.
- Fund 1550, Subclass 15504 - Library category (\$66,113.61) was used to reimburse Clovis Library expenditures.
- Fund 1550, Subclass 15505 - Health & Human Services category (\$57,693.67) was used by the Department of Internal Services to partially fund a new network infrastructure for leased facilities for the Department of Social Services.
- Fund 1550 Subclass 15506 - Sheriff Patrol & Investigations category (\$28,236.02) was used to purchase a used vehicle.
- Fund 1550, Subclass 15507 - County Parks category (\$8,952.26) was used to construct the fire pit area at Lost Lake.
- Fund 1550 Subclass 15508 - Administration Charge (\$14,759.06) was transferred for administrative staff costs for various departments.

The County's PFIFs Annual Report for the fiscal year ending June 30, 2019 is presented to the Board to satisfy the foregoing requirements. The report, and public notice, has been made available to the public for review as of December 13, 2019 by publicly posting the Annual Report, and public notice of today's Board meeting regarding the Annual Report, in the offices of the Auditor-Controller /Treasurer-Tax Collector and the Department of Public Works and Planning - Development Services Division. In addition, on that same date, the Annual Report, and public notice of today's Board meeting regarding the Annual Report, was posted to Department of Public Works and Planning's website and to the Auditor-Controller/Treasurer-Tax Collector website.

Disposition of Unexpended Administration Charges from 2008 PFIF

Because the actual cost for the administration of the 2008 PFIF was less than the total amount of administrative charges collected, by \$5,432.42, plus accrued interest, that amount remains unexpended.

The Department recommends that the remaining funds be utilized for administrative costs for a future facilities impact fee program. Government Code section 66001, subdivision (f), provides that if the administrative costs of refunding unexpended PFIF revenues exceed the amount to be refunded, the County, after a public hearing, notice of which has been published once in a newspaper of general circulation and posted in three prominent places within the area of the relevant development project, may determine that the revenues shall be allocated for some other purpose for which PFIF are collected, and which serves the

project on which the PFIF was originally imposed. The same legal requirement is reflected in County Ordinance Code section 17.90.080(F).

Staff have determined that the administrative costs of refunding the unexpended administrative charges from the 2008 PFIF would exceed the amount to be refunded. Thus, notice of this hearing was published and posted as required, and staff recommends that the unexpended administrative charges be utilized for administrative costs for a future facilities impact fee program, which staff expects will be presented to your Board for approval later this year.

Because there is not currently a PFIF program on which the unexpended Administrative Charges may be spent, your Board may instead choose to deposit the unexpended Administration Charges into the General Fund. That option is not recommended by the Department if a new fee program will be considered in the future.

REFERENCE MATERIAL:

BAI #65, September 25, 2018
BAI #41, September 11, 2018
BAI #38, October 23, 2018
BAI #49, October 9, 2018
BAI #33, August 7, 2018
BAI #20, December 11, 2018
BAI #5, January 12, 2010
BAI #24, July 8, 2008
BAI #9, June 17, 2008

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A - 2018-19 Annual Report and Public Notices

CAO ANALYST:

Sonia M. De La Rosa