



Board Agenda Item 20

DATE: December 11, 2018

TO: Board of Supervisors

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

SUBJECT: Public Facilities Impact Fees FY 2017-18 Annual Report

RECOMMENDED ACTION(S):

Receive, review, and file the attached County of Fresno Public Facilities Impact Fees Annual Report of Revenues and Expenditures for the fiscal year ending June 30, 2018.

The recommended action is to 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.

This report is similar to but separate from another report, also presented to the Board today in another item by the Department of Public Works and Planning, related to traffic mitigation impact fees. That report is required by Fresno County Ordinance Code section 17.88.060(A). This item is countywide.

ALTERNATIVE ACTION(S):

There is no viable alternative action. If the Board chooses not to act on this 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).

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action.

DISCUSSION:

On June 14, 2005, the County engaged MuniFinancial, experts in the study and analysis of public facilities impact fees, to identify the needs for additional, expanded, and refurbished County public facilities caused by new residential and non-residential development in Fresno 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. (For the MuniFinancial report and updating analysis, refer to the following Board Agenda Items: June 17, 2008 #9; and July 8, 2008 #24).

On July 22, 2008, the Board of Supervisors adopted Chapter 17.90 of the County's ordinance code (Fresno

County Ord. No. 08-023), which authorized the imposition and collection of Public Facilities Impact Fees with such implementation and collection of the fees to begin on September 20, 2008. The County's Public Facilities Impact Fees are supported by MuniFinancial's 2006 report and updating 2008 analysis.

Chapter 17.90 of the County's ordinance code provided a phase-in for the fees: for the first and second years of fee collection, the amounts payable for such fees were 33% and then 66%, respectively, of their maximum amounts set forth in the Schedule of Fees. Chapter 17.90 provided a "grace period," generally for 5 years, for certain maps and plans.

Generally, Chapter 17.90 of the County's ordinance code authorizes the County to impose and collect public facilities impact fees as a requirement of the County, or a relevant city, as applicable, before the County or city issues a building permit for construction with respect to development within the unincorporated areas of the County or within the city.

Accordingly, the County would collect the County's facilities impact fees for construction within the unincorporated areas of the County. The cities within the County would collect (or require the building permit applicant to directly pay the County) the County's facilities impact fees for construction within their incorporated areas of the County, pursuant to memoranda of understandings between those cities and the County. Chapter 17.90 also provides for certain exemptions, in limited circumstances, and for conditional deferrals for low or moderate income residences, where applicable.

Following the Board of Supervisors' adoption of the Fee Ordinance, businesses and individuals experienced extraordinary and unforeseen adverse financial conditions that have substantially impacted the economy in the State of California and in Fresno County. As a result, after holding public hearings in each instance, the Board imposed successive temporary suspensions of collecting these County facilities impact fees (November 10, 2010 through November 9, 2012, then November 10, 2012 through November 9, 2015, then November 10, 2015 through November 9, 2017, and then November 10, 2017, through November 10, 2018. On October 9, 2018, the Board approved the recommended action to discontinue Public Facilities Impact Fees. Those actions included the suspension of any requirement in Chapter 17.90 of the County's ordinance code 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 do not otherwise affect the Fee Ordinance.

On November 17, 2016, interviews were held to select a consultant. Pursuant to the selection process, the County has engaged Taussig and Associates to develop the fee study. Taussig has prepared a draft study which is currently under review. PWP staff prepared a baseline inventory of the County's public facilities as they exist today, to inform Taussig's study. On September 12, 2017, PWP brought an item to the Board requesting direction on a draft updated Capital Improvement Plan prepared by Department of Public Works and Planning. Upon consideration, the Board voted to direct staff to proceed with the proposed updated Capital Improvement Plan as part of the Public Facilities Impact Fee Study and return to the Board in October, 2017, with an ordinance amendment to extend the current fee suspension deadline to expire no sooner than July 1, 2018. PWP staff returned on October 17, 2017 and October 31, 2017 (second reading), and the Board adopted an ordinance amendment to continue the County's temporary suspension for collection of the Public Facilities Impact Fee for an additional one-year, from November 10, 2017 to November 10, 2018 (as referenced above), and extend commencement of first five-year interval to April 15, 2019.

On September 25, 2018, PWP conducted the first hearing on a proposed Ordinance that would discontinue the Public Facilities Impact Fees established in 2008. Fees collected from 2008 Public Facilities Impact Fees need to be expended and cannot be added or combined to a new program based on the CIP impact fees study. The Board designated County Counsel to prepare a fair summary of the proposed Ordinance for a second hearing. On October 9, 2018, the second hearing to propose an Ordinance that would amend the Title 17 - Divisions of Land, chapter 17.90 - Public Facilities Impact Fees and Schedule of Fees was held. The Board approved the proposed Ordinance to discontinue the 2008 Public Facilities Impact Fees.

Since Chapter 17.90 of the County's ordinance code still is in effect, this Annual Report is being presented to the Board for the recommended action.

Local agencies, such as the County, are required to make available, to the public, account information relative to their respective public facilities impact fees. Per Government Code Section 66006, such information is required to be provided within 180 days after the close of the fiscal year; this legal requirement is reflected in County Ordinance Code section 17.90.080 (D). The Board is to then review the information at its next regularly scheduled meeting, not less than 15 days after this information is made available to the public. The presentation of this annual report to the Board satisfies that legal requirement. This 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.

The County has established the following public facilities impact fees that are collected prior to the building permits being issued and deposited into their respective accounts (unless the fee collection is suspended, as stated above):

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.

As stated in the Public Facilities Impact Fees Annual Report for the Fiscal Year Ending June 30, 2018 (Attachment A), the fund's beginning balance was \$803,363.17, there were no collections, \$13,511.97 in interest revenue, and no expenditures, thereby making \$816,875.14 the fund's total balance for the fiscal year ending June 30, 2018. As further stated in such Annual Report, the fees collected, and interest accrued, is set forth for each of the referenced accounts, above.

The County's Public Facilities Impact Fees Annual Report for the fiscal year ending June 30, 2018 is being presented to the Board with this agenda item in order to satisfy the foregoing requirements. This report, and public notice of this item, has been made available to the public for review as of November 19, 2018 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 Development Services Division of Public Works. 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 website and to the Auditor-Controller/Treasurer-Tax Collector web site.

The Annual Report has also been reviewed by the Public Works and Planning Department.

REFERENCE MATERIAL:

BAI #15, December 12, 2017 - Public Facilities Impact Fees 2016-17 Annual Report

BAI #16, December 13, 2016 - Public Facilities Impact Fees 2015-16 Annual Report
BAI #15, December 15, 2015 - Public Facilities Impact Fees 2014-15 Annual Report
BAI #13, December 9, 2014 - Public Facilities Impact Fees 2013-14 Annual Report
BAI #21, December 3, 2013 - Public Facilities Impact Fees 2012-13 Annual Report
BAI #21, December 4, 2012 - Public Facilities Impact Fees 2011-12 Annual Report
BAI #15, December 13, 2011 - Public Facilities Impact Fees 2010-11 Annual Report
BAI #5, January 12, 2010 - Public Facilities Impact Fees Annual Report

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A - 2017-18 Annual Report and Public Notice

CAO ANALYST:

Debbie Paolinelli