



City of Lafayette, California

FY 2018/19

Development Impact Fee

Annual Report

LEGAL REQUIREMENTS

A. REQUIREMENTS FOR DEVELOPMENT IMPACT FEES

State law (California Government Code Section 66006) requires each local agency that imposes AB 1600 development impact fees to prepare an annual report providing specific information about those fees. Within the AB 1600 legal requirements, it stipulates that fees imposed on new development have the proper nexus to any project on which they are imposed. In addition, AB 1600 imposes certain accounting and reporting requirements with respect to the fees collected. The fees, for accounting purposes, must be segregated from the general funds of the City and from other funds or accounts containing fees collected for other improvements. Interest on each development fee fund or account must be credited to that fund or account and used only for the purposes for which the fees were collected.

Current California Government Code Section 66006 (b) requires that for each separate fund the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the information shown below for the most recent fiscal year. The applicable page numbers for each item are provided for reference.

- A brief description of the type of fee in the account or fund. *(See page 4-5)*
- The amount of the fee. *(See page 5)*
- The beginning and ending balance of the account or fund. *(See pages 6-10)*
- The amount of the fees collected and interest earned. *(See pages 6-10)*
- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees. *(See page 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 financing on an incomplete public improvement.
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan. *(See page 11)*
- The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded. *(See page 11)*

California Government Code Section 66001 (d) requires the local agency make all of the following findings every fifth year with respect to that portion of the account remaining unexpended, whether committed or uncommitted. The applicable page numbers for each item are provided for reference.

- Identify the purpose to which the fee is to be put. *(See pages 3-4)*
- Demonstrate a reasonable relationship between the fee and purpose for which it is charged. *(See pages 3-4)*
- Identify all sources and amounts of funding anticipated to complete financing incomplete improvements.
- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.
- In any action imposing a fee as a condition of approval of a development project by a local agency, the local agency shall determine how there is a reasonable relationship between the amount of the fee and

the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

B. ADDITIONAL NOTES

The State of California Government Code Section 66002 states that local agencies that have developed a fee program may adopt a CIP indicating the approximate location, size and timing of projects, plus an estimate for the cost of all facilities or improvements to be financed by fees. A formal CIP is recommended, at a minimum, as a five-year plan.

Every two years, the City updates a five-year CIP which helps to maintain and update the City's General Plan. The CIP also includes a 5-year projection of secure funding sources. Since the amount of annual revenue generated by development impact fees is highly variable, they are not factored into the CIP budget at the beginning of the year. At the conclusion of the fiscal year, the Public Works & Engineering Director evaluates the project list for eligible projects (infrastructure needed to accommodate planned development) and where there are sufficient development impact fees available, applies the funds. As a result of this approach, we don't have approximate date by which the construction of the public improvement will commence based on the accumulation of impact fees.

The CIP relates the City's annual capital expenditures to a long-range plan for public improvements. By relating the plan for public improvements to the City's capacity for funding, and scheduling expenditures over a period of years, the CIP helps maximize the funds available. This type of fiscal management is important during periods that are typified by budgetary demands exceeding financial resources.

C. ESTABLISHING A REASONABLE RELATIONSHIP BETWEEN THE FEE AND THE PURPOSE FOR WHICH IT IS CHARGED

Lafayette's Drainage Impact Fee was established in 1985 for the purpose of funding a Drainage Master Plan, a citywide drainage study that would identify the drainage facilities needed to support existing and future new development in Lafayette. While the Drainage Master Plan was completed in 1998, the list of proposed storm drainage projects and costs has continued to be reviewed and updated by City staff. The most recent update was done in April 2007. In March 2009, a study was conducted so that the City could continue its efforts to update the Drainage Master Plan and to establish a nexus between the construction and provision of new drainage facilities and expansions to existing facilities to allow for more intense usage of the citywide drainage system by future residents and employees. On May 26, 2009, the City Council adopted Ordinance 584 amending Chapter 8-17 of the Lafayette Municipal Code relating to Drainage Impact Fees and Resolution 2009-33 setting the amount of the fees.

The City's Walkways Impact Fee was established in 1969 for the purpose of providing a comprehensive system of walkways, curbs and gutters in the City. The City adopted a Master Walkways Plan in 1999, and in 2006, revised the list of priority walkway improvements needed to support existing and future new development in Lafayette. In March 2009, a study was conducted to establish a nexus between the construction and provision of walkway improvements identified in the 2006 revisions of the Master Walkways Plan that would accurately reflect the cost of providing walkway facilities and to help ensure that the City maintain a comprehensive system of walkway infrastructure and facilities to meet the additional demand created by new development. On May 26, 2009 the City Council adopted Ordinance 583 amending Chapter 8-1 of the Lafayette Municipal Code relating to Walkways Impact Fees and Resolution 2009-32 setting the amount of the fees.

On June 8, 1998, the Cities of Lafayette and Orinda and the Town of Moraga approved a Joint Powers Agreement to implement the Lamorinda Development Mitigation Fee Program under the direction of the Lamorinda Fee and Finance Authority (LFFA). This effort included the adoption of regional and local transportation impact fees, the nexus for which was the amount of new development expected and the transportation improvements needed to accommodate the new development. The City adopted this program under Ordinance 488 in 1998. An updated nexus study was concluded in FY16 and provided the technical basis for a comprehensive update of the overall transportation system in Lamorinda that will serve the expected future demand based on changes in regional and local land use projections, planned and approved development projects, and associated changes to capital improvements and updated cost estimates.

At their regular meeting on July 28, 2008, the City Council adopted Ordinance 575 and Resolution 2008-28, both of which updated existing regulations regarding dedication of parkland and in-lieu fees (Quimby Act) and established a new park facilities fee (AB 1600). According to the nexus report prepared by Seifel Consulting Inc. in July 2008, the fee's nexus is based on increases in Lafayette's population and the corresponding increase in demand for parks and recreation facilities, as well as, the City's Parks Master Plan, which places future emphasis on neighborhood and/or downtown parks.

D. FUNDING OF INFRASTRUCTURE

The 2018/19 – 2022/23 CIP identifies all funding sources and amounts for individual projects through a five year period. The CIP is updated annually to reflect the current infrastructure needs of the City. As a CIP project is identified, the project is evaluated to determine the portion of the project that will service existing residents and businesses versus new development.

Once the determination of use is made, the percentage of use attributable to new development is then funded by the appropriate development fee based on the type of project. The percentage of use associated with existing residents or businesses are funded from other appropriate sources as identified on each individual project sheet in the CIP. All future planned infrastructure needs are outlined in the Development Fee Program. The funding and commencement dates for projects are adjusted, as needed, to reflect the needs of the community.

DESCRIPTION OF DEVELOPMENT IMPACT FEES

Drainage Impact Fee – To provide drainage facilities and infrastructure to meet the demand generated by new residential and commercial development

Walkways Impact Fee – To provide walkway facilities and infrastructure to meet the demand generated by new residential development

Transportation Impact Fee – To provide improvements to the Lafayette roadway, transit, bicycle and pedestrian facilities needed to accommodate travel demand generated by new land development in Lamorinda

Park Facilities Fee – To provide funds for improving parkland in order to maintain a comprehensive system of parks and recreation facilities to meet the additional demand created by new residential development. The fee will ensure that existing park facilities will not become overburdened, and future residential development will bear its fair-share responsibility for the park system.

FISCAL YEAR 2018/19 FEE SCHEDULE

Development Fees	Fee	Per Unit
Walkways Fee (revision effective 7/25/2009)		
Single Family Residence-	1,076.22	Per Unit
Duplex-	747.27	Per Unit
Apartments-	650.59	Per Unit
Mobile Homes-	635.56	Per Unit
Second Units-	385.19	Per Unit
Walkways Fee Program Administration Fee		
Single Family Residence-	53.81	Per Unit
Duplex-	37.36	Per Unit
Apartments-	32.53	Per Unit
Mobile Homes-	31.78	Per Unit
Second Units-	19.26	Per Unit
Lamorinda Regional Transportation Fee (effective 7/1/2017)		
Single Fam. Residential Use: Individ. Unit, Duet Home With One Shared Wall, Townhouse-	7,540.97	Per dwelling unit
Multiple Family Residential: Second Unit, Apartments, Condominium-	5,278.37	Per dwelling unit
Multiple Family; Transit Oriented Development	2,797.91	Per dwelling unit
Commercial, office, retail, or industrial use-	8.07	Per square foot of gross floor area
Other	829.93	Per peak hour trip generated per traffic study
Drainage Impact Fee	0.52	Per sq. ft. of impervious surface added
Drainage Impact Program Administration Fee	0.03	Per sq. ft. of impervious surface added
Park Facilities Fees (revision effective 7/1/2017)		
Additions	1.73	Per Square Foot
Single Family Residence-	7,575.00	Per Unit
Duplex/Townhouse-	5,260.00	Per Unit
Apartments/Condominiums-	4,579.00	Per Unit
Mobile Homes-	4,474.00	Per Unit
Second Units-	2,661.00	Per Unit
Park Facilities Fees Program Administration Fee	1%	of Parkland Fee + Park Facilities Fee

FINANCIAL SUMMARY REPORT

<i>Statement of Revenues, Expenditures and Changes in Fund Balance</i>				
<i>For the Year Ended June 30, 2019</i>				
	Development Impact Fees			
Description	Drainage	Transportation	Walkways	Park Facilities
REVENUES				
Fees	\$ 54,656	\$ 331,640	\$ 77,130	\$ 642,763
Interest	1,019	3,198	565	3,076
Other Revenue	-	-	-	25,689
Total Revenues	55,675	334,838	77,695	671,528
EXPENDITURES				
014-9714: Storm Drain Improvements *	140,000	-	-	-
012 : City Administrative Costs	-	-	-	23,031
Total Expenditures	140,000	-	-	23,031
REVENUES OVER (UNDER) EXPENDITURES				
Fund Balance, Beginning of Year	170,568	387,430	49,281	85,412
Fund Balance, End of Year	\$ 86,243	\$ 722,268	\$ 126,976	\$ 733,909

* The expenditure of drainage impact fees on the Storm Drain Improvements Project accounts for 37.6% of the total project cost.

DEVELOPMENT IMPACT FEES REPORT

Drainage Impact Fee					
<i>Statement of Revenues, Expenditures and Changes in Fund Balance</i>					
<i>Last Five Fiscal Years</i>					
Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
REVENUES					
Fees	\$ 62,107	\$ 57,969	\$ 89,160	\$ 80,155	\$ 54,656
Interest	-	205	265	316	1,019
Total Revenues	62,107	58,174	89,425	80,471	55,675
EXPENDITURES					
Expenditures	-	65,048	137,000	-	140,000
Total Expenditures	-	65,048	137,000	-	140,000
REVENUES OVER (UNDER) EXPENDITURES					
	62,107	(6,874)	(47,575)	80,471	(84,325)
Fund Balance, Beginning of Year	82,439	144,546	137,672	90,097	170,568
Fund Balance, End of Year	\$ 144,546	\$ 137,672	\$ 90,097	\$ 170,568	\$ 86,243
Five-Year Revenue Test Using First In First Out Method					
Available Revenue Current Year	\$ 62,107	\$ 58,174	\$ 89,425	\$ 80,471	\$ 55,675
Available Revenue Prior Fiscal Year (2-yr Old Funds)	72,658	62,107	672	90,097	30,568
Available Revenue Prior Fiscal Year (3-yr Old Funds)	9,781	17,391	-	-	-
Available Revenue Prior Fiscal Year (4-yr Old Funds)	-	-	-	-	-
Available Revenue Prior Fiscal Year (5-yr Old Funds)	-	-	-	-	-
Available Revenue Greater than Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	\$ 144,546	\$ 137,672	\$ 90,097	\$ 170,568	\$ 86,243
Result: Five Year Revenue test met in accordance with Government Code 66001.					

DEVELOPMENT IMPACT FEES REPORT (CONTINUED)

Transportation Impact Fee					
<i>Statement of Revenues, Expenditures and Changes in Fund Balance</i>					
<i>Last Five Fiscal Years</i>					
Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
REVENUES					
Fees	\$ 262,639	\$ 440,509	\$ 71,108	\$ 89,728	\$ 331,640
Interest	-	543	1,434	1,169	3,198
Total Revenues	262,639	441,052	72,542	90,897	334,838
EXPENDITURES					
Expenditures	452,000	-	250,668	254,358	-
Total Expenditures	452,000	-	250,668	254,358	-
REVENUES OVER (UNDER) EXPENDITURES					
	(189,361)	441,052	(178,126)	(163,461)	334,838
Fund Balance, Beginning of Year	477,326	287,965	729,017	550,891	387,430
Fund Balance, End of Year	\$ 287,965	\$ 729,017	\$ 550,891	\$ 387,430	\$ 722,268
Five-Year Revenue Test Using First In First Out Method					
Available Revenue Current Year	\$ 262,639	\$ 441,052	\$ 72,542	\$ 90,897	\$ 334,838
Available Revenue Prior Fiscal Year (2-yr Old Funds)	25,326	287,964	478,350	296,532	90,897
Available Revenue Prior Fiscal Year (3-yr Old Funds)	-	-	-	-	72,542
Available Revenue Prior Fiscal Year (4-yr Old Funds)	-	-	-	-	223,992
Available Revenue Prior Fiscal Year (5-yr Old Funds)	-	-	-	-	-
Available Revenue Greater than Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	\$ 287,965	\$ 729,017	\$ 550,891	\$ 387,430	\$ 722,268
Result: Five Year Revenue test met in accordance with Government Code 66001.					

DEVELOPMENT IMPACT FEES REPORT (CONTINUED)

Walkways Impact Fee					
Statement of Revenues, Expenditures and Changes in Fund Balance					
Last Five Fiscal Years					
Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
REVENUES					
Fees	\$ 75,231	\$ 6,537	\$ 12,801	\$ 19,820	\$ 77,130
Interest	-	85	34	88	565
Total Revenues	75,231	6,622	12,834	19,908	77,695
EXPENDITURES					
Expenditures	-	65,678	-	-	-
Total Expenditures	-	65,678	-	-	-
REVENUES OVER (UNDER) EXPENDITURES					
	75,231	(59,056)	12,834	19,908	77,695
Fund Balance, Beginning of Year	364	75,595	16,539	29,373	49,281
Fund Balance, End of Year	\$ 75,595	\$ 16,539	\$ 29,373	\$ 49,281	\$ 126,976
Five-Year Revenue Test Using First In First Out Method					
Available Revenue Current Year	\$ 75,231	\$ 6,622	\$ 12,834	\$ 19,908	\$ 77,695
Available Revenue Prior Fiscal Year (2-yr Old Funds)	364	9,917	16,539	29,373	19,908
Available Revenue Prior Fiscal Year (3-yr Old Funds)	-	-	-	-	12,834
Available Revenue Prior Fiscal Year (4-yr Old Funds)	-	-	-	-	6,622
Available Revenue Prior Fiscal Year (5-yr Old Funds)	-	-	-	-	9,917
Available Revenue Greater than Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	\$ 75,595	\$ 16,539	\$ 29,373	\$ 49,281	\$ 126,976
Result: Five Year Revenue test met in accordance with Government Code 66001.					

DEVELOPMENT IMPACT FEES REPORT (CONTINUED)

Park Facilities Impact Fee					
Statement of Revenues, Expenditures and Changes in Fund Balance					
Last Five Fiscal Years					
Description	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2019/20
REVENUES					
Fees	\$ 443,214	\$ 295,732	\$ 270,473	\$ 230,831	\$ 642,763
Interest	888	1,445	803	428	3,076
Other Revenue ⁽¹⁾	307,512	86,030	27,262	25,179	25,689
Total Revenues	751,614	383,207	298,539	256,438	671,528
EXPENDITURES					
Expenditures	2,115,264	344,917	11,854	31,326	23,031
Total Expenditures	2,115,264	344,917	11,854	31,326	23,031
REVENUES OVER (UNDER) EXPENDITURES					
	(1,363,650)	38,290	286,685	225,112	648,497
Fund Balance, Beginning of Year	898,975	(464,675)	(426,385)	(139,700)	85,412
Fund Balance, End of Year	\$ (464,675)	\$ (426,385)	\$ (139,700)	\$ 85,412	\$ 733,909
Five-Year Revenue Test Using First In First Out Method					
Available Revenue Current Year	\$ -	\$ -	\$ -	\$ 85,412	\$ 671,528
Available Revenue Prior Fiscal Year (2-yr Old Funds)	-	-	-	-	62,381
Available Revenue Prior Fiscal Year (3-yr Old Funds)	-	-	-	-	-
Available Revenue Prior Fiscal Year (4-yr Old Funds)	-	-	-	-	-
Available Revenue Prior Fiscal Year (5-yr Old Funds)	-	-	-	-	-
Available Revenue Greater than Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	\$ -	\$ -	\$ -	\$ 85,412	\$ 733,909
Result: Five Year Revenue test met in accordance with Government Code 66001.					
⁽¹⁾ May include transfer in, grant monies, and/or donations					

INTERFUND TRANSFERS AND LOANS

As of June 30, 2019 there were no transfers or loans between, or involving, development impact fees.

REFUNDS

As of June 30, 2019 there were no refunds due, nor any that were processed in the fiscal year.