



**City of Signal Hill  
Annual and Five-Year  
Impact Fee Report**

**For the Fiscal Year Ending June 30, 2022**

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## *INTRODUCTION AND BACKGROUND*

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In California, State legislation sets certain legal and procedural parameters for the charging of development impact fees. This legislation was passed as AB 1600 by the California Legislature and is now codified as California Government Code Sections 66000 through 66008 (“Mitigation Fee Act”). This State law went into effect on January 1, 1989.

### **Requirements for Development Impact Fee Reporting**

The Mitigation Fee Act imposes certain accounting and reporting requirements with respect to the fees collected. The fees must be deposited in a special account to avoid commingling the fees with the City’s other revenues or funds. Interest on each development fee fund or account must be credited to that fund or account and used only for those purposes for which the fees were collected.

The Mitigation Fee Act also requires any local agency that imposes development impact fees to prepare an annual report and a five-year report that provide specific information about those fees. This report serves both of those functions and has been prepared for the City of Signal Hill for the fiscal year (FY) ended June 30, 2022 in accordance with the provisions of California Government Code Section 66006 (b) and 66001 (d).

#### **Annual Report**

California Government Code Section 66006 (b) requires each local agency that imposes Development Impact Fees under the Mitigation Fee Act to prepare an annual report providing specific information about those fees for the previous fiscal year. Specifically, Section 66006 (b) requires that for each separate fund the local agency shall make available to the public the information shown below for the most recent fiscal year.

- 66006 (b) (1) (A): A brief description of the type of fee in the account or fund.
- 66006 (b) (1) (B): The amount of the fees.
- 66006 (b) (1) (C): The beginning (July 1) and ending (June 30) balance of a particular impact fee fund.
- 66006 (b) (1) (D): The amount of the fees collected and interest earned by fund.
- 66006 (b) (1) (E): An identification of each public improvement upon 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.
- 66006 (b) (1) (F): 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.
- 66006 (b) (1) (G): 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 terms of the loan, including the repayment schedule for the loan, and the rate of interest that the account or fund will receive on the loan.

- 66006 (b) (1) (H): A summary of any refunds made, and their respective amount, due to sufficient funds being collected to complete financing of scheduled public improvements and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

State law requires the City to prepare and make available to the public the above information within 180 days after the last day of each fiscal year. The City Council must review the annual report at a regularly scheduled public meeting not less than fifteen days after the information is made available to the public. This report was filed with the City Clerk's office and available for public review on December 30, 2022.

### **Five-Year Report**

California Government Code Section 66001 (d) (1) requires the local agency make all of the following findings every fifth year with respect to that portion of the account remaining unexpended, whether encumbered to a specific project or remaining unencumbered in an impact fee fund.

- 66001 (d) (1) (A): Identify the purpose to which the fee is to be put.
- 66001 (d) (1) (B): Demonstrate a reasonable relationship between the fee and purpose for which it is charged.
- 66001 (d) (1) (C): Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements.
- 66001 (d) (1) (D): Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

### **Establishing a Reasonable Relationship Between the Fee and the Purpose for Which It Is Charged**

Development Impact Fees provide the proportionate share of the funding for the City's capital facilities needs that can be reasonably attributed to new growth in the City. The revenue, in turn, provides the traffic, park and recreation, and water infrastructure and improvements necessary to mitigate the impacts of new residential, commercial, and industrial development on the City and its residents and businesses.

In order to ensure a reasonable relationship between the fee and the purpose for which it is charged, development impact fees in the City are derived based on mathematical calculations that consider future development, the facilities and infrastructure needed to serve that future development, and the estimated costs of those improvements. These mathematical calculations establish the relationship between contemplated future development, the facilities needed to serve that development, and the estimated costs of those improvements based on the City's Capital Improvement Program (CIP). The development impact fees are then used to fund facilities and infrastructure

necessary to serve new development. Absent a comprehensive impact fee update, the development impact fees are typically adjusted annually in accordance with the Consumer Price Index and Engineering News-Record Construction Cost Index according to the City's municipal code.

The 2023 Development Impact Fees will be updated to realigned growth prospects in the City, the facility and infrastructure improvements required to mitigate the impacts of the anticipated growth, and the current costs of the required improvements.

## Funding of Infrastructure

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.

The City has developed and adopted a CIP, which is updated annually during the normal budget process. The City's current, adopted Fiscal Year (FY) 2021-22 CIP can be found on the City's website as part of the City's adopted budget report.

As a CIP project is identified, the project is evaluated to determine the portion of the project that will serve existing residents and businesses versus new development. This analysis is used to determine the portion of the project that is eligible to receive impact fee funding. The anticipated funding and commencement dates for projects are indicated and may be adjusted, as needed, to reflect the needs of the community, funding constraints, and development priorities. Any modification of impact fee funding within the CIP requires Council action. Mid-year CIP budget adjustments occur as needed wherein staff seeks City Council approval to modify the CIP list of projects, or to modify the budget allocated to specific CIP projects.

## ANNUAL REPORT

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### Description of Impact Fee Programs

*66006(b)(1)(A) and 66013(d)(1)*

The City has three development impact fee programs.

Pursuant to Signal Hill Municipal Code (SHMC) Chapter 21.48 "**Traffic Impact Fee**", all development projects which are not otherwise exempt pursuant to SHMC Section [21.04.050](#) shall be required to pay traffic impact fees. Pursuant to the SHMC Chapter 21.40 "**Park and Recreation Impact Fee**" under SHMC Section 21.40.030 Fee for residential units, the applicant for any development project which results or will result in the construction of a residential housing unit, not otherwise subject to an exemption under this title, shall be required to pay a park and recreation impact fee. Pursuant to SHMC Chapter 21.44 "**Water System Impact Fee**", the applicant for any development project which consists totally or in part of commercial/industrial property and the applicant for any development project which includes any residential dwelling units shall be required to pay a water impact fee.

1. **Traffic Impact Fee (SHMC 21.48.010).** The traffic fee is a means by which the city can collect funds for the acquisition, improvement, and expansion of street, parkway, thoroughfare, intersection, and other traffic and circulation improvements. This is intended to authorize the imposition of reasonable fees related to new development so that the burdens of installing public improvements, the need for which is created by certain new development projects and which will benefit certain land in addition to such development projects, will be required to be borne by all of the land so benefited.
  
2. **Park and Recreation Impact Fee (SHMC 21.40.010).** The park and recreation impact fee is a means by which the city can collect funds for the acquisition, improvement, and expansion of park and recreation facilities. This fee shall be known as the park and recreation impact fee. Pursuant to SHMC Chapter 21.40, "Park and Recreation Impact Fees", the applicant for any development project which results or will result in the construction or reconstruction of chargeable space not otherwise subject to an exemption under this title shall be required to pay a park and recreation impact fee. Chargeable space is defined in Section 21.08.030 as follows:

"Chargeable space" means all of the square footage covered and enclosed within the perimeter of a commercial or industrial structure, not including garages, parking structures, outdoor walkways, utility or disposal areas, elevator shafts, or stairways.
  
3. **Water Impact Fee (SHMC 21.44.010).** The purpose of this chapter is to provide a mechanism by which the city can finance the reasonable costs of constructing new water system facilities made necessary by development projects, through the imposition of water system connection charges. This fee shall be known as the water system connection charge.

## Current Impact Fee Schedules

66006(b)(1)(B)

### Traffic Impact Fee

The fee in effect during the fiscal year ending June 30, 2022 for Traffic are presented below in accordance with SHMC:

#### **SHMC 21.48.040 Calculation of minimum traffic impact fee.**

The minimum traffic impact fee (the "Minimum Traffic Impact Fee") established under this chapter shall be calculated in accordance with the provisions of this section as follows:

- A. Residential Uses. Traffic impact fees for residential uses shall be based upon the number of dwelling units and shall be equal to \$540.47 per dwelling unit.
- B. Industrial Uses. Traffic impact fees for industrial uses shall be based upon the chargeable space in square feet of the building and shall be equal to \$0.77 per square foot.
- C. Commercial Uses. Traffic impact fees for commercial uses shall be based upon the chargeable space in square feet of the building and shall be equal to the following:
  1. For high intensity commercial uses, the fee shall be \$6.40 per square foot. "High intensity commercial" shall include discount club, drive-through fast food restaurants, drive-through banks or savings and loans, and other commercial uses determined by the director of community development to be high-traffic generating commercial uses. Generally such uses would be those projected to generate over six p.m. peak hour trips per one thousand square feet.
  2. For office uses, the fee shall be \$1.26 per square foot. "Office," as determined by the director of community development, shall generally include property used exclusively for professional offices, including accounting, architectural, engineering, insurance, legal, medical, dental, optometric and clinical.
  3. For all other commercial uses, the fee shall be \$3.20 per square foot.

**SHMC 21.48.050 Alternate traffic impact fee.**

A. The minimum traffic impact fee calculated pursuant to Section 21.48.040 is intended to represent the fair and reasonable impact attributable to each new development calculated on a per-foot basis. However, due to variations in the intensity of commercial and industrial uses, it is necessary to provide an alternative method of fee calculation where the intensity of use will generate additional trips beyond those calculated pursuant to Section 21.48.040 to ensure all new development adequately contributes to new transportation improvements. Accordingly, notwithstanding Section 21.48.040, an alternate traffic impact fee of \$532.95 per peak hour trip (the "Alternative Fee") shall apply if the director of public works determines that a particular project's total p.m. peak hour trip generation is fifty percent or more above the p.m. peak hour trip generation which would typically be anticipated for the use. The p.m. peak hour trip generation rates published in the manual shall be used to make the determination. Accordingly, the alternative fee will apply if the p.m. peak hour trip generation rates exceed the following:

1. Industrial Uses. If an industrial project will generate more than 2.16 p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.
2. High Intensity Commercial Uses. If a high intensity commercial project will generate more than 18 p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.
3. Office. If an office project will generate more than 3.51 p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.
4. Commercial Uses. If a commercial project, other than a project determined to be a high intensity commercial or office project, will generate more than nine p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.
5. Mixed Uses. Total project p.m. peak trip generation for mixed use development shall be determined by calculating the trip generation of each use in the project using the trip generation rates established in Section 21.48.040 above.

B. Offset for Transportation Mitigation Measures. In the event the director of public works does determine that the alternative fee applies, the director of public works shall inform the applicant of such determination, the reasons therefor, and the calculation of the alternative fee. The applicant may then propose a transportation mitigation program (the "Mitigation Program"). The mitigation program may include an array of measures to reduce trips, modify trip profiles, alter the means of transportation, promote public transportation, construct, or contribute to additional infrastructure improvements, or other similar measures. The mitigation program must be long term and incorporated in a recorded covenant, agreement, or other agreement in a form approved by the city attorney. The director of public works shall determine the number of peak hour trips that should be credited against the alternative fee due to the implementation of the mitigation program, but in no event shall the fee be reduced below the minimum traffic impact fee.

**Park and Recreation Impact Fee**

The fee in effect during the fiscal year ending June 30, 2022 for Park and Recreation are presented below in accordance with SHMC:

**SHMC 21.40.020 Fee for chargeable space.**

The applicant for any development project which results or will result in the construction or reconstruction of chargeable space not otherwise subject to an exemption under this title shall be required to pay a park and recreation impact fee of seventy (\$0.70) cents per square foot of chargeable space, payable at the time of the final inspection or certificate of occupancy, whichever is later. This fee shall be adjusted each January from and after its effective date by the amount of increase in the consumer price index, "All Urban Consumers" for the preceding twelve-month period as published by the United States Department of Labor, Bureau of Labor Statistics for the Los Angeles-Anaheim-Riverside metropolitan area, or such other price index deemed approximate by city council in the event such consumer price index is discontinued. The annual adjustment shall be made in connection with the preparation and review of the city's annual budget.

**SHMC 21.40.030 Fee for residential units.**

A. The applicant for any development project which results or will result in the construction of a residential housing unit, not otherwise subject to an exemption under this title, shall be required to pay a park and recreation impact fee of an amount as follows:

Single-family dwelling unit \$21,910/unit  
Multifamily dwelling unit \$15,112/unit

### **Water System Impact Fee**

The fee in effect during the fiscal year ending June 30, 2022 for Water System are presented below in accordance with SHMC:

#### **SHMC 21.44.020 Commercial/industrial connection charge.**

The applicant for any development project which consists totally or in part of commercial/industrial property shall be required to pay a water system connection charge of three dollars eighty-one (\$3.81) cents per square foot of chargeable space on the commercial/industrial portion at the time an application for utility service is received by the city. This charge represents the reasonable pro rata share on a per square foot basis of additional water system facilities, and replacement water system facilities required as a result of new commercial/industrial development projects and the cost of obtaining additional water rights to service new commercial/industrial development.

#### **SHMC 21.44.030 Residential connection charge.**

A. The applicant for any development project which includes any residential dwelling units shall be required to pay a water system connection charge thereof at the time an application for utility service is received by the city. This charge shall be based upon meter size and capacity, calculated from a proportionate share of the total additional water system facilities attributable to new residential development. This residential connection charge is calculated on the pro rata basis of the cost of providing new water system facilities, the proportionate share of replacement water system facilities caused by new residential development projects, and the cost of obtaining additional water rights to service new residential development.

B. The specific amount of the water connection charge shall be as follows:

| <b>Meter Size</b> | <b>Connection Charge</b> |
|-------------------|--------------------------|
| 5/8"--3/4"        | \$12,780                 |
| 1"                | \$21,437                 |
| 1 1/2"            | \$42,464                 |
| 2"                | \$68,254                 |
| 3"                | \$136,252                |
| 4"                | \$213,139                |
| 6"                | \$425,866                |
| 8"                | \$681,468                |

#### **SHMC 21.44.040 Adjustment to water system connection charge.**

On an annual basis, and in connection with the preparation and review of the city's annual budget, the commercial/industrial connection charge and the residential connection charge shall be increased by any annual increase in the Construction Cost Index for Los Angeles or the surrounding area as published in the Engineering News Record. Any further or other adjustments to either the commercial/ industrial connection charge or residential connection charge shall require an engineer's report, public hearing, and findings pursuant to Section 21.18.030.



**Table 1 Annual Financial Summary  
 Statement of All Impact Fee Programs'  
 Revenues, Expenditures, and Changes in Fund Balance  
 For the Fiscal Year Ending June 30, 2022**

|                            | Fee Program |                       |           |
|----------------------------|-------------|-----------------------|-----------|
|                            | Traffic     | Parks &<br>Recreation | Water     |
| Revenues                   |             |                       |           |
| Fees                       | 8,578       | 335,246               | 203,435   |
| Interest                   | (23,441)    | (45,320)              | (18,753)  |
| Other                      |             |                       |           |
| Total Revenues             | (14,863)    | 289,926               | 184,682   |
| Expenditures               |             |                       |           |
| Capital Improvements       | 34,498      | 1,054,395             | 597,327   |
| Other                      |             |                       |           |
| Total Expenditures         | 34,498      | 1,054,395             | 597,327   |
| Revenues over Expenditures | (49,361)    | (764,469)             | (412,645) |
| Beginning Fund Balance     | 960,652     | 1,988,383             | 651,052   |
| Ending Fund Balance        | 911,291     | 1,223,914             | 238,407   |

## Traffic Impact Fee Fund

The following tables respond to Government Code Section 66006(b)(1)(C), (D), and (E) for the Traffic Impact Fee Program.

**Table 2 Traffic Improvement Impact Fee Fund  
 Statement of Revenue, Expenditures, Changes in Fund Balance  
 Five Years, and History of Expenditures  
 Ending June 30, 2022**

|   | Traffic Impact Fee Program |                  |                  |                 |                 |
|---|----------------------------|------------------|------------------|-----------------|-----------------|
|   | FY 2017/18                 | FY 2108/19       | FY 2019/20       | FY 2020/21      | FY 2021/22      |
| <b>Revenues</b>   |                            |                  |                  |                 |                 |
| Fees  | -                          | 12,850           | -                | 15,059          | 8,578           |
| Interest  | 16,410                     | 41,888           | 27,133           | 890             | (23,441)        |
| Other   | 440                        |                  |                  |                 |                 |
| <b>Total Revenues</b>                                     | <b>16,850</b>              | <b>54,738</b>    | <b>27,133</b>    | <b>15,949</b>   | <b>(14,863)</b> |
| <b>Expenditures</b>                                       |                            |                  |                  |                 |                 |
| Capital Improvements                                      | 260                        | 390,915          | 93,268           | 56,684          | 34,498          |
| Other   |                            |                  |                  |                 |                 |
| <b>Total Expenditures</b>                                 | <b>260</b>                 | <b>390,915</b>   | <b>93,268</b>    | <b>56,684</b>   | <b>34,498</b>   |
| <b>Revenues over Expenditures</b>                         | <b>16,590</b>              | <b>(336,177)</b> | <b>(66,135)</b>  | <b>(40,735)</b> | <b>(49,361)</b> |
| Beginning Fund Balance                                    | 1,387,108                  | 1,403,699        | 1,067,522        | 1,001,387       | 960,652         |
| Ending Fund Balance                                       | 1,403,699                  | 1,067,522        | 1,001,387        | 960,652         | 911,291         |
| <b>Five Year Revenue Test</b>                             |                            |                  |                  |                 |                 |
| <b>Available Revenue</b>                                  |                            |                  |                  |                 |                 |
| Current Year  | 16,850                     | 54,738           | 27,133           | 15,949          | (14,863)        |
| 2 Year Old Funds  | 11,759                     | 16,850           | 54,738           | 27,133          | 15,949          |
| 3 Year Old Funds  | 183,179                    | 11,759           | 16,850           | 54,738          | 27,133          |
| 4 Year Old Funds  | 269,796                    | 183,179          | 11,759           | 16,850          | 54,738          |
| 5 Year Old Funds  | 1,940,184                  | 269,796          | 183,179          | 11,759          | 16,850          |
| <b>Total Revenue Received</b>                             | <b>2,421,768</b>           | <b>536,322</b>   | <b>293,659</b>   | <b>126,429</b>  | <b>99,807</b>   |
| <b>Total Revenue Available</b>                            | <b>1,403,699</b>           | <b>1,067,522</b> | <b>1,001,387</b> | <b>960,652</b>  | <b>911,291</b>  |
| <b>Total Revenue Greater than Five Prior Fiscal Years</b> | <b>(1,018,069)</b>         | <b>531,200</b>   | <b>707,728</b>   | <b>834,223</b>  | <b>811,484</b>  |

|  | History of Expenditures |                     |                          |
|--|-------------------------|---------------------|--------------------------|
|  | FY 2021/22              | Total Project Costs | % of Total Project Costs |
| Improvement Name<br>Willow Street Corridor | 34,498.00               | 200,000             | 17.25%                   |
| <b>Total Capital Expenditures</b>          | <b>34,498.00</b>        |                     |                          |

## Park and Recreation Impact Fee Fund

The following tables respond to Government Code Section 66006(b)(1)(C), (D), and (E) for the Park and Recreation Impact Fee Program.

**Table 3 Park and Recreation Improvement Impact Fee Fund  
 Statement of Revenue, Expenditures, Changes in Fund Balance Five Years,  
 and History of Expenditures  
 Ending June 30, 2022**

|                                   | Park and Recreation Impact Fee Program |                    |                  |                 |                  |
|-----------------------------------|--|--------------------|------------------|-----------------|------------------|
|                                   | FY 2017/18                             | FY 2108/19         | FY 2019/20       | FY 2020/21      | FY 2021/22       |
| <b>Revenues</b>                   |  |                    |                  |                 |                  |
| Fees                              | -                                      | 510,225            | -                | 47,307          | 335,246          |
| Interest                          | 37,426                                 | 74,816             | 31,013           | 1,918           | (45,320)         |
| Other                             | -                                      | -                  | -                | -               | -                |
| <b>Total Revenues</b>             | <b>37,426</b>                          | <b>585,041</b>     | <b>31,013</b>    | <b>49,225</b>   | <b>289,927</b>   |
| <b>Expenditures</b>               |  |                    |                  |                 |                  |
| Capital Improvements              | 844,547                                | 1,816,339          | (908,218)        | 125,144         | 1,054,395        |
| Other                             |  |                    |                  |                 |                  |
| <b>Total Expenditures</b>         | <b>844,547</b>                         | <b>1,816,339</b>   | <b>(908,218)</b> | <b>125,144</b>  | <b>1,054,395</b> |
| <b>Revenues over Expenditures</b> | <b>(807,120)</b>                       | <b>(1,231,298)</b> | <b>939,230</b>   | <b>(75,919)</b> | <b>(764,468)</b> |
| Beginning Fund Balance            | 3,163,490                              | 2,356,370          | 1,125,071        | 2,064,302       | 1,988,383        |
| Ending Fund Balance               | 2,356,370                              | 1,125,071          | 2,064,302        | 1,988,383       | 1,223,915        |

|   | Five Year Revenue Test |                  |                  |                  |                  |
|---|------------------------|------------------|------------------|------------------|------------------|
|   | FY 2017/18             | FY 2108/19       | FY 2019/20       | FY 2020/21       | FY 2021/22       |
| <b>Available Revenue</b>                                      |                        |                  |                  |                  |                  |
| Current Year  | 37,426                 | 585,041          | 31,013           | 49,225           | 289,927          |
| 2 Year Old Funds  | 69,826                 | 37,426           | 585,041          | 31,013           | 49,225           |
| 3 Year Old Funds  | 20,314                 | 69,826           | 37,426           | 585,041          | 31,013           |
| 4 Year Old Funds  | 232,167                | 20,314           | 69,826           | 37,426           | 585,041          |
| 5 Year Old Funds  | 45,580                 | 232,167          | 20,314           | 69,826           | 37,426           |
| <b>Total Revenue Received</b>                                 | <b>405,313</b>         | <b>944,774</b>   | <b>743,620</b>   | <b>772,531</b>   | <b>992,632</b>   |
| <b>Total Revenue Available</b>                                | <b>2,356,370</b>       | <b>1,125,071</b> | <b>2,064,302</b> | <b>1,988,383</b> | <b>1,223,915</b> |
| <b>Total Revenue Greater than<br/>Five Prior Fiscal Years</b> | <b>1,951,057</b>       | <b>180,298</b>   | <b>1,320,681</b> | <b>1,215,852</b> | <b>231,283</b>   |

| Improvement Name                              | History of Expenditures |                        |                             |
|---|-------------------------|------------------------|-----------------------------|
|   | FY 2021/22              | Total Project<br>Costs | % of Total<br>Project Costs |
| 1925 E 21st Land Purchase (SH Park Expansion) | 537,896                 | 537,896                | 100.00%                     |
| Signal Hill Park Demolition                   | 265,399                 | 410,000                | 64.73%                      |
| Heritage Point Park (View Park)               | 251,099                 | 3,180,000              | 7.90%                       |
| <b>Total Capital Expenditures</b>             | <b>1,054,395</b>        |                        |                             |

## Water System Fee Fund

The following tables respond to Government Code Section 66006(b)(1)(C), (D), and (E) and Section 66013(d)(2), (3), and (4)(A) and (B) for the Water System Impact Fee Program.

**Table 4 Water System Impact Fee Fund  
 Statement of Revenue, Expenditures, Changes in Fund Balance  
 Five Years, and History of Expenditures  
 Ending June 30, 2022**

|                                   | Water Impact Fee Program |                |               |               |                  |
|-----------------------------------|--------------------------|----------------|---------------|---------------|------------------|
|                                   | FY 2017/18               | FY 2108/19     | FY 2019/20    | FY 2020/21    | FY 2021/22       |
| <b>Revenues</b>                   |                          |                |               |               |                  |
| Fees                              | -                        | 303,850        | -             | 54,290        | 203,435          |
| Interest                          | 3,047                    | 16,775         | 14,961        | 561           | (18,753)         |
| Other                             |                          |                |               |               |                  |
| <b>Total Revenues</b>             | <b>3,047</b>             | <b>320,625</b> | <b>14,961</b> | <b>54,851</b> | <b>184,682</b>   |
| <b>Expenditures</b>               |                          |                |               |               |                  |
| Capital Improvements              | -                        | -              | -             | -             | 597,327          |
| Other                             |                          |                |               |               |                  |
| <b>Total Expenditures</b>         | <b>-</b>                 | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>597,327</b>   |
| <b>Revenues over Expenditures</b> | <b>3,047</b>             | <b>320,625</b> | <b>14,961</b> | <b>54,851</b> | <b>(412,645)</b> |
| Beginning Fund Balance            | 257,569                  | 260,616        | 581,241       | 596,202       | 651,052          |
| Ending Fund Balance               | 260,616                  | 581,241        | 596,202       | 651,052       | 238,408          |

|   | Five Year Revenue Test |                  |                |                |                  |
|---|------------------------|------------------|----------------|----------------|------------------|
|   | FY 2017/18             | FY 2108/19       | FY 2019/20     | FY 2020/21     | FY 2021/22       |
| <b>Available Revenue</b>                                      |                        |                  |                |                |                  |
| Current Year  | 3,047                  | 320,625          | 14,961         | 54,851         | 184,682          |
| 2 Year Old Funds  | 48,765                 | 3,047            | 320,625        | 14,961         | 54,851           |
| 3 Year Old Funds  | 10,019                 | 48,765           | 3,047          | 320,625        | 14,961           |
| 4 Year Old Funds  | 384,309                | 10,019           | 48,765         | 3,047          | 320,625          |
| 5 Year Old Funds  | 23,235                 | 384,309          | 10,019         | 48,765         | 3,047            |
| <b>Total Revenue Received</b>                                 | <b>469,375</b>         | <b>766,765</b>   | <b>397,417</b> | <b>442,249</b> | <b>578,166</b>   |
| <b>Total Revenue Available</b>                                | <b>260,616</b>         | <b>581,241</b>   | <b>596,202</b> | <b>651,052</b> | <b>238,408</b>   |
| <b>Total Revenue Greater than Five<br/>Prior Fiscal Years</b> | <b>(208,760)</b>       | <b>(185,525)</b> | <b>198,785</b> | <b>208,803</b> | <b>(339,759)</b> |

|                                   | History of Expenditures |                        |                             |
|-----------------------------------|-------------------------|------------------------|-----------------------------|
|                                   | FY 2021/22              | Total Project<br>Costs | % of Total<br>Project Costs |
| Improvement Name                  |                         |                        |                             |
| Well 10 Construction              | 597,327.00              | 4,430,882              | 13.48%                      |
| <b>Total Capital Expenditures</b> | <b>597,327.00</b>       |                        |                             |

## Approximate Date of Construction

66006(b)(1)(F)

Section 66006 (b) (1) (F) of the Mitigation Fee Act requires 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. The City has determined that there are seven public improvements for which sufficient funds have been collected to complete financing.

### Traffic Impact Fees:

- 1) Willow Street Corridor Design Costs – to improve congestion relief and for major intersection improvement**
  1. Funded with traffic impact fee revenue
  2. Construction began in FY 2021/22 and estimated to be completed by FY 2022/23.
- 2) California and 27<sup>th</sup> Street - street widening project to improve congestion**
  1. Funded with traffic impact fee revenue and general funds
  2. Initial design costs started in FY2020/21 and estimated to be completed by FY 2023/24
- 3) Redondo and 20<sup>th</sup> Traffic Signal – to design new signalized intersection**
  1. Funded with traffic impact fee revenue, MTA Measure M and LACMTA funds.
  2. Design costs have started and estimated to be completed by FY 2022/23.

### Park Development Impact Fees:

- 4) Heritage Point Park (formerly known as View Park) – new city park**
  1. Funded with Park Impact fees, RMC grant funds and Measure W funds
  2. Estimated to be completed by FY 2022/23
- 5) Reservoir Park – new fence construction**
  1. Funded with Park Impact fees
  2. Estimated to be completed by FY 2023/24
- 6) Hillbrook Park – major park area replacement and renovation**
  1. Funded with Park Impact fees, Measure A, Measure W and General funds.
  2. Estimated to be completed by FY2023/24.
- 7) Signal Hill Park – grand expansion of park**
  1. Funded with Park Impact fees
  2. Estimated to be completed by FY2024/25

### Water Development Impact Fees:

None

## **Interfund Transfers or Loans**

*66006(b)(1)(G) and 66013(d)(5)*

Section 66006 (b) (1) (G) of the Mitigation Fee Act requires 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 terms of the loan, including the repayment schedule for the loan, and the rate of interest that the account or fund will receive on the loan.

In the fiscal year ended June 30, 2022, there were no interfund transfers or loans made from any of the impact fee funds.

## **Summary of Refunds**

*66006(b)(1)(H)*

Section 66006 (b) (1) (H) of the Mitigation Fee Act requires a summary of any refunds made, and their respective amount, due to sufficient funds being collected to complete financing of scheduled public improvements and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

At this time, all fees collected have been earmarked for current or future capital projects necessary to maintain the current levels of service to serve new development.

## *FIVE-YEAR REPORT AND FINDINGS*

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California Government Code Section 66001(d)(1) requires the City to make findings every fifth year with respect to that portion of each impact fee account that remains unexpended, whether encumbered to a specific project or remaining unencumbered in an impact fee fund. As of June 30, 2022, the five-year revenue tests (included as part of **Table 2**, **Table 3**, **Table 4**) indicate that each of the City's development impact fee funds has unexpended funds that have been held past the fifth year of first deposit. Therefore, the City is reporting the following findings relating to each of the fee programs.

- 1) 66001(d)(1)(A): Identify the purpose to which the fee is to be put.
- 2) 66001(d)(1)(B): Demonstrate a reasonable relationship between the fee and purpose for which it is charged.
- 3) 66001(d)(1)(C): Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements.
- 4) 66001(d)(1)(D): Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

## Traffic Impact Fee

- Traffic impact fees provide a means by which the City can collect funds for the acquisition, improvement, and expansion of street, parkway, thoroughfare, intersection, and other traffic and circulation improvements. These fees are intended to authorize the imposition of reasonable fees related to new development so that the burdens of installing public improvements, the need for which is created by certain new development projects and which will benefit certain land in addition to such development projects, will be required to be borne by all of the land so benefited.
- The City prepares a city-wide traffic impact fee study and Local Road and Safety Plan (LRSP) which projects street, traffic signal and roadway improvements needed to provide adequate traffic flow and safety from growth projected pursuant to the general plan. The study separates growth caused by existing development from that caused by future development, distributes trips caused by future development by the nature of the use, and determines the method of calculating the fee based on the nature and intensity of the development.
- The newly updated LRSP plan includes a significant amount of traffic signal intersection improvements planned during FY 2023/24 that will utilize traffic impact fees. These projects are not included below but will be updated during the annual budget preparation process and included in next years annual impact fee report.
- The portion of the fee account that was collected more than five years ago and that remains unexpended is expected to be used to fund traffic improvements such as:
  - Redondo and 20<sup>th</sup> new traffic signal intersection,
  - California & 27<sup>th</sup> Street widening project
  - Willow Street Corridor design costs to provide congestion relief.

The balance of the costs of the projects are expected to be funded with LACMTA funds, Measure M and general fund revenues as needed.

- Each of these projects is described in the City's CIP and is expected to continue or estimated to begin within the next two years.

| Future Traffic Improvement Projects Identifications |               |             |                     |                          |
|---|---------------|-------------|---------------------|--------------------------|
| Improvement Name                                    | FY Completion | Impact Fees | Total Project Costs | % of Total Project Costs |
| Willow Street Corridor                              | FY 2022/23    | 200,000     | 200,000             | 100.00%                  |
| California & 27th Street                            | FY 2023/24    | 144,682     | 200,000             | 72.34%                   |
| Redondo & 20th Traffic Signal                       | FY 2022/23    | 173,763     | 627,714             | 27.68%                   |
| Total Capital Expenditures                          |               | 518,445     |                     |                          |



## Park and Recreation Impact Fee

- The park and recreation impact fee is a means by which the City can collect funds for the acquisition, improvement, and expansion of park and recreation facilities. This fee shall be known as the park and recreation impact fee and the City will continue to charge impact fees for new projects.
- The City prepares a Parks and Recreation Master Plan and a Priority and Implementation Plan (PIP) to prioritize and guide planning efforts and resources. Parks and Recreation Impact fees are utilized to construct new projects and expand existing parks that are part of the master plans pursuant to the general plan.
- The Parks and Recreation Master Plan and companion PIP document, help to project future increased park and trail acreage needs that correlate with the projected population growth of the city resulting from future developments. The documents provide guidance to prioritize park specific development in certain segments of the city, based on population growth to maintain and enhance quality of life including health, conservation and environmental stewardship, stimulate economic activity, and transportation equity.
- The portion of the fee account that was collected more than five years ago and that remains unexpended is expected to be used to fund improvements such as:
  - Heritage Point Park
  - Reservoir Park
  - Hillbrook Park
  - Signal Hill Park

The balance of the project costs is expected to be funded with CDBG, Measure A, Measure W, Prop. 68, General fund revenue, and possible grant revenue.

- Several of these projects are described in the City's CIP and either are in construction or are expected to begin within the next two fiscal years (see project details on page 11).

| Future Park Identifications       |                            |                  |                        |                             |
|-----------------------------------|----------------------------|------------------|------------------------|-----------------------------|
| Improvement Name                  | Estimated<br>FY Completion | Impact Fees      | Total Project<br>Costs | % of Total<br>Project Costs |
| Heritage Point Park (View Park)   | FY 2022/23                 | 227,909          | 3,180,000              | 7.17%                       |
| Reservoir Park                    | FY 2023/24                 | 65,000           | 65,000                 | 100.00%                     |
| Hillbrook Park                    | FY 2023/24                 | 590,000          | 1,000,000              | 59.00%                      |
| Signal Hill Park Expansion        | FY 2024/25                 | 750,000          | 750,000                | 100.00%                     |
| <b>Total Capital Expenditures</b> |                            | <b>1,632,909</b> |                        |                             |

## Water System Impact Fee

The following water section also satisfies Government Code Section 66013(d)(4)(C) by identifying each public improvement that is anticipated to be undertaken in the following year.

- The City will continue to charge impact fees on new projects.
- The City prepares a Water Master Plan to review and evaluate water system operations with a goal to achieve reliable and cost-effective water service. In addition, the Water Master Plan identifies capital improvement projects that are developed from a review of existing facilities, water infrastructure and planning documents. Water System Impact fees may be utilized to implement new capital improvement projects identified in the Water Master Plan.
- The portion of the fee account that was collected more than five years ago and that remains unexpended is expected to be used to fund improvements to the water system facilities and assets. To the extent a specific project cannot be fully funded with capacity fee revenue, the balance of the costs is expected to be funded with ratepayer revenue.
- The projects are described in the 2020 Water Condition Assessment, prepared by the engineering firm Stantec and based on input from the City's engineering staff.

| Future Water System Improvement Identifications |                            |             |                             |
|---|----------------------------|-------------|-----------------------------|
| Improvement Name                                | Estimated<br>FY Completion | Impact Fees | Total Project<br>Costs      |
| None  |                            |             | % of Total<br>Project Costs |
| Total Capital Expenditures                      |                            | 0           | #DIV/0!                     |