

10. RECEIVE AND FILE ANNUAL DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR 2023

Recommended Action: Approve the annual Development Impact Fee report for Fiscal Year 2022-2023 pursuant to California Government Code Sections 66001-66006.



To: Honorable City Council
From: John Moreno, City Manager
By: John Carver, Planning Director
Date: January 23, 2024

SUBJECT: ANNUAL DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR 2023

BACKGROUND

Pursuant to the California Permit Streamlining Act and Assembly Bill (AB) 602, the City provides applicants of a development project with information listing all project requirements for their project, including fees imposed. Additionally, the California Mitigation Fee Act addresses the fees collected for “Development Projects.” This Act requires cities to identify and determine the applicability of development impact fees and find a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed.

DISCUSSION

The City collects up to four development impact fees as part of approval requirements of a development project – Public Art Fee, Park Development Fee, Sewer Reconstruction Fee, and Water Capital Improvement Fee, as applicable. Chapter 17.112 (Art in Public Places) authorizes the City to collect a Public Art Fee. Section 16.24.060 (Regulations for payment of park fees for new residential dwelling units) authorizes the collection of a Park Development Fee. Chapter 13.08 (Sewers and Sewage Disposal) authorizes the collection of a Sewer Reconstruction Fee. Lastly, the Water Capital Improvement Fee is authorized by Section 13.04.470 (Water capital improvement charges).

The City is required to deposit, invest, account for, and expend fees collected pursuant to California Government Code Sections 66006 (b)(1)(A) and (B); and 66013 (d)(1). As such, development impact fee proceeds must be deposited in separate accounts or funds, and they must be expended “solely for the purpose for which the fee was collected.” Additionally, the California Mitigation Fee Act requires a local agency to adopt an annual report within 180 days of the close of each fiscal year.

AB 602 requires local agencies to provide a public report on the fees available, make their annual and five-year reports available for review, and are now required to post the reports to its website. The current as “Attachment A,” Development Impact Fee Report, is included for review and reference.

Public Notice

City staff has prepared the attached annual report and five-year summary and made them available to the public on January 4, 2023. A public notice was posted at City Hall, Paramount Substation, Paramount Library, and at the Community Center. The notice was also posted on the City website.

Conclusion

Several ongoing capital improvements that were budgeted in Fiscal Year 2022-23 were not completed as of June 30, 2023. Therefore, funds appropriated in FY 2022-23 have been reappropriated to FY 2023-24. A list of these carryover projects and estimated start/completion dates can be found on pages 228 to 231 of the approved FY 2023-24 Budget.

The City's capital improvement projects are strategically planned and continue our determination to undertake vital maintenance needs, as well as improving our parks and public facilities. During each reporting annual period listed above, no refunds were made for each fund pursuant to Government Code Section 66001

FISCAL IMPACT

None.

VISION, MISSION, VALUES, AND STRATEGIC OUTCOMES

The City's Vision, Mission, and Values set the standard for the organization, establish priorities, uniformity and guidelines; and provide the framework for policy decisionmaking. The Strategic Outcomes were implemented to provide a pathway to achieving the City's Vision. This item aligns with Strategic Outcome No 6: Efficient, Effective, and Fiscally Responsible - Deliver an efficient and effective City government in a fiscally responsible, transparent and collaborative manner.

RECOMMENDED ACTION

Approve the annual Development Impact Fee report for Fiscal Year 2022-2023 pursuant to California Government Code Sections 66001-66006.

ATTACHMENT A

DEVELOPMENT IMPACT FEE REPORT

Development Impact Fee Report – Sewer Reconstruction Fee

City of Paramount Fund Balances, Fees Collected Government Code Section AB 602

Fee Type	Fiscal Year 2022-2023		
Sewer Reconstruction Fees - 291			
Revenue			
Interest and use of Property			\$ 1,051.00
Charges for Service			\$ 303.50
Capital			
Interfund Loan Payment			
Total Revenue			\$ 1,354.20
Industrial Waste			
Sewer Reconstruction Fee Beg. Balance			\$ (28,653.49)
Industrial Waste			\$ 43,068.41
Sewer Mntc Svcs			\$ 606.00
Ending Sewer Reconstruction Bal.			\$ (72,327.90)

Fund 291 - Sewer Reconstruction Fee

In accordance with the City sewer reconstruction plan which is on file in the office of the City Engineer, monies collected from all properties that propose to discharge, to the public sewer, quantities of sewage in excess of the quantity for which the existing sewerage system was designed, and to establish a fund into which these charges may be deposited and from which money will be available for the sewer reconstruction program. Recent expenditures include services/repairs to industrial waste throughout the city to maintain the City's current level of service.

Development Impact Fee Report – Public Art Fee

Fee Type	Fiscal Year 2022-2023	
Public Art Fees - 292		
Beginning Balance		\$ 96,706.00
Revenue		
Interest and use of property		\$ 4,219.00
Charges of Service		\$ 602,090.00
Total Revenue		\$ 606,309.00
Expenditures		
Current:		
Community Services and Recreation		
General Government		\$ 2,331.00
Capital Outlay:		
Parks		
Other		\$ 40,380.00
Total Expenditures		\$ 42,711.00
Ending Balance		\$ 660,304.00

Fund 292 – Public Art Fee

As part of the City’s Capital Improvements, funds collected from these fees are segregated specifically to conduct a Public Art Program. Recent expenditures include the Paramount Paints Program (installation of murals and utility box painting citywide). The Paramount Paints Program remains ongoing. There are a handful of projects scheduled for Fiscal Year 2023-24 that will be funded by the Public Art Fee fund.

Development Impact Fee Report – Park Development Fee

Fee Type	Fiscal Year 2022-2023
Park Development Fee - 111	
Revenue	
Interest Revenue	
Charges of Service	\$ -
Total Revenue	\$ -
Expenditures	
Capital Outlay	
Parks	\$ -
Total Expenditures	\$ -
Ending Balance	\$ -

Park Expenditures - 111	
Park Projects	\$ 514,594.92
Total Park Expenditures	\$ 514,594.92

Fund 111 – Park Development Fee

The fees collected as a condition of approval of a building permit for a new residential dwelling unit in an R-M (Multiple-Family Residential) zone or a PD-PS (Planned Development with Performance Standards) zone for multiple-family dwellings shall be used exclusively for the purpose of developing new or rehabilitating existing neighborhood or community park or recreational facilities. The interest earned on the accumulated in-lieu fees shall be used for the same purpose. Recent expenditures include All American Park Playground Replacement, Progress Park Playground Replacement, Progress Plaza Exterior Improvements, Paramount Park Community Center Interior Improvements, Paramount Pool Interior Upgrades, Paramount Park Playground Shade Replacement, Paramount Park Outdoor Restroom Renovations, and Salud Park Portable Restroom. Historically, expenditures have far exceeded revenues collected from Park Development Fees and are absorbed by the City's General Fund.

Development Impact Fee Report – Water Capital Improvement Fee

Fee Type	Fiscal Year 2022-2023		
Water Enterprise Capital improvements - 511			
Revenue			
Sale of Water			\$ 8,307,129.92
Other Fines and Penalties			\$ 40,785.50
Investment Earnings			\$ 65,242.53
Water Capital Fee			\$ 1,800.00
Other Revenue			\$ -
Construction / Installation Fees			\$ 5,103.90
Return Item Charge			\$ 725.00
Total Revenue			\$ 8,420,786.85
Capital Improvement			
Installation of Serv./Hydrants			\$ 166,185.15
Annual Valve Replacement			\$ -
Total Capital Improvement			\$ 166,185.15
Ending Balance			\$ 8,254,601.70

Fund 511 – Water Enterprise Capital Improvements Fee

Fees are collected from each subscriber which are connecting to the water system for the first time, where construction of additional dwelling units or change in land use intensity is proposed, or an existing connection from an industrial, commercial, or institutional parcel where proposed modifications will either increase water consumption by more than 25 percent or will increase the existing fire flow requirements. The fees are intended to fund water system improvements to serve future development in accordance with the City's Water Main Reconstruction Plan. Recent expenditures include water improvements (installation of services & hydrants, and annual valve replacement).