

DECEMBER 13, 2022

FISCAL YEAR 2021-2022 ANNUAL DEVELOPMENT IMPACT FEE
REPORT INCLUDING PREVIOUS FIVE-YEAR SUMMARY IN
COMPLIANCE WITH AB 602

MOTION IN ORDER:

APPROVE THE ANNUAL DEVELOPMENT IMPACT FEE REPORT FOR
FISCAL YEAR 2021-2022 INCLUDING PREVIOUS FIVE-YEAR
SUMMARY, WITH FINDINGS, PURSUANT TO CALIFORNIA
GOVERNMENT CODE SECTIONS 6601-66006.

MOTION:

MOVED BY: _____

SECONDED BY: _____

[] APPROVED

[] DENIED

ROLL CALL VOTE:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____



To: Honorable City Council

From: John Moreno, City Manager

By: John Carver, Planning Director
Kim Sao, Finance Director
Sol Bejarano, Management Analyst

Date: December 13, 2022

**Subject: FISCAL YEAR 2021 - 2022 ANNUAL DEVELOPMENT IMPACT FEE REPORT
INCLUDING PREVIOUS FIVE-YEAR SUMMARY IN COMPLIANCE WITH AB
602**

BACKGROUND

The California Permit Streamlining Act requires local agencies to provide applicants of a development project with information listing all of the 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 the fees 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.

Assembly Bill (AB) 602 was approved and signed into law on September 21, 2021. AB 602 aims for transparency when it comes to local development impact fees for development projects by amending current code text.

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. "Attachment A," Development Impact Fee Reports, 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 November 14, 2022. A public notice was posted at City Hall, Paramount Substation, Paramount Library, and at the Community Center. The notice has also been available on the City website and was published in the Paramount Journal.

CONCLUSION

Several ongoing capital improvements that were budgeted in FY 2021-22 were not completed as of June 30, 2022. Therefore, funds appropriated in FY 2021-22 have been reappropriated to FY 2022-23. A list of these carryover projects can be found on pages 148 to 150 of the approved FY 2022-23 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 of a city that is safe, healthy, and attractive. This item aligns with Strategic Outcome No. 6: Efficient, Effective, and Fiscally Responsible.

RECOMMENDED ACTION

It is recommended that City Council approve the annual Development Impact Fee report for Fiscal Year 2021-2022 including the Five-Year summary, pursuant to California Government Code Sections 66001-66006.

ATTACHMENT: Attachment A - Development Impact Fee Reports

ATTACHMENT A

DEVELOPMENT IMPACT FEE REPORTS

Development Impact Fee Report – Public Art Fee

City of Paramount Fund Balances, Fees Collected Government Code Section AB 602						
	Previous Five-Years					Current Fiscal year
Fee Type	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Fund 292 - Public Art Fees						
Beginning Balance	242,961.00	200,346.00	399,206.00	320,262.00	335,632.00	286,923.00
REVENUE						
Interest and use of property	1,315.00	3,950.00	6,004.00	5,890.00	1,531.00	528.00
Charges of Service	47,970.00	203,860.00	122,985.00	35,630.00	60,230.00	25,880.00
Total Revenue	49,285.00	207,810.00	128,989.00	41,520.00	61,761.00	26,408.00
EXPENDITURES						
Current:						
Community Services and Recreation	-	-	12,062.00	-	-	-
General Government	-	-	-	1,350.00	-	4,202.00
Capital Outlay:						
Parks	-	-	-	14,000.00	13,320.00	103,500.00
Other	91,900.00	8,950.00	195,871.00	10,800.00	97,150.00	108,921.89
Total Expenditures	91,900.00	8,950.00	207,933.00	26,150.00	110,470.00	216,623.89
Ending Balance	\$ 200,346.00	\$ 399,206.00	\$ 320,262.00	\$ 335,632.00	\$ 286,923.00	\$ 96,707.11

Fund 292 – Public Art Fee

The City has extensively studied the costs associated with conducting a Public Art Program and has established a reasonable fee in order to recoup the costs of providing the program. 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 completion of the Progress Park sculpture and the Paramount Paints Program (installation of murals and utility box painting citywide). The Paramount Paints Program remains ongoing.

Development Impact Fee Report – Park Development Fee

City of Paramount Fund Balances, Fees Collected Government Code Section AB 602						
	Previous Five-Years					Current Fiscal year
Fee Type	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Fund 111 - Park Development Fee						
REVENUE (R-111-3915)						
Interest Revenue	-	-	-	-	-	1,750.00
Charges of Service	4,500.00	10,000.00	29,250.00	-	12,500.00	
Total Revenue	4,500.00	10,000.00	29,250.00	-	12,500.00	1,750.00
EXPENDITURE (E-111-4121)						
Capital Outlay	-	-	-	-	-	-
Parks	4,500.00	10,000.00	29,250.00	-	12,500.00	1,750.00
Total Expenditures	4,500.00	10,000.00	29,250.00	-	12,500.00	1,750.00
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0
Park Expenditures - 111						
Park Projects	459,492.15	243,031.42	260,710.41	195,300.85	308,087.68	2,387,297.00
Total Park Expenditures	\$ 459,492.15	\$ 243,031.42	\$ 260,710.41	\$ 195,300.85	\$ 308,087.68	\$ 2,387,297.00

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; Sport Court Repairs, outdoor restroom upgrades (Village Park, and Progress Park), Community Gardens renovations, Paramount Park Playground, Community Center Exterior Improvements, Paramount Park Picnic Shelter renovation, Dills Park Community Orchard, Dills Park restroom, Progress Park Picnic Shelter, Snack Shack renovation, and Salud Park walking track replacement. Historically, expenditures have far exceeded revenues collected from Park Development Fees and are supplemented by the City's General Fund.

Development Impact Fee Report – Sewer Reconstruction Fee

City of Paramount Fund Balances, Fees Collected Government Code Section AB 602						
	Previous Five-Years					Current Fiscal year
Fee Type	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Fund - 291 Sewer Reconstruction Fees						
Revenue						
Interest and use of Property	-	2,196.66	1,724.98	-	346.85	-
Charges for Service	-	10,078.47	1,458.93	-	1,224.74	-
Capital	-	-	-	-	-	-
Interfund Loan Payment	-	-	-	-	-	-
Total Revenue	\$ -	\$ 12,275.13	\$ 3,183.91	\$ -	\$ 1,571.59	\$ -
Industrial Waste						
Sewer Reconstruction Fee Beg. Balance	\$ 199,615.00	\$ 169,366.63	\$ 139,653.50	\$ 90,190.81	\$ 56,159.19	\$ (1,227.75)
Industrial Waste - 111-52-22-5151	\$ 41,917.50	\$ 32,291.03	\$ 48,856.69	\$ 34,997.21	\$ 56,780.94	\$ 28,174.24
Sewer Mntc Svcs	\$ 606.00	\$ 606.00	\$ 606.00	\$ 606.00	\$ 606.00	\$ 606.00
Ending Sewer Reconstruction Bal.	\$ 157,697.50	\$ 136,469.60	\$ 90,190.81	\$ 54,587.60	\$ (1,227.75)	\$ (30,007.99)

Fund 291 – Sewer Reconstruction Fee

In accordance with the City's 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 – Water Capital Improvement Fee

City of Paramount Fund Balances, Fees Collected Government Code Section AB 602						
	Previous Five-Years					Current Fiscal year
Fee Type	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Fund 511 - Water Enterprise Capital Improvements						
Revenue						
Sale of Water	7,598,153.17	7,798,535.51	7,556,241.75	7,544,210.88	7,651,977.10	8,092,425.74
Other Fines and Penalties	47,934.00	47,398.00	48,628.33	30,756.00	-	-
Investment Earnings	24,536.02	56,884.18	100,630.37	90,317.69	17,668.40	1,347.13
Water Capital Fee	-	8,496.73	4,775.00	-	12,000.00	1,600.00
Other Revenue	-	30.00	-	19,512.19	13,624.92	1,350.00
Construction/Installation Fees	214,140.86	148,031.10	194,258.48	45,030.08	144,202.71	321,895.99
Return Item Charge	788.00	772.00	1,395.00	615.00	425.00	600.00
Total Revenue	\$ 7,885,552.05	\$ 8,060,147.52	\$ 7,905,928.93	\$ 7,730,441.84	\$ 7,839,898.13	\$ 8,419,218.86
Capital Improvement						
Installation of Serv./Hydrants	158,427.32	70,796.80	73,547.50	66,940.00	72,144.00	124,935.14
Annual Valve Replacement	21,383.00	16,741.44	13,631.72	14,167.25	13,411.70	18,060.93
Total Capital Improvement	179,810.32	87,538.24	87,179.22	81,107.25	85,555.70	142,996.07
Ending Balance	\$ 7,705,741.73	\$ 7,972,609.28	\$ 7,818,749.71	\$ 7,649,334.59	\$ 7,754,342.43	\$ 8,276,222.79

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), Well #16 and Well #15.