

**City of Garden Grove**

**INTER-DEPARTMENT MEMORANDUM**

To: Matthew J. Fertal From: William E. Murray  
Dept.: City Manager Dept.: Public Works  
Subject: FISCAL YEAR 2010-11 DEVELOPMENT IMPACT FEE ANNUAL REPORT Date: September 27, 2011

**OBJECTIVE**

For City Council to receive and file the Fiscal Year 2010-11 Development Impact Fee Annual Report (Report) as required by Government Code Section 66006(b).

**BACKGROUND**

Annually, the City is required to report on the disposition of collected development fees and provide information related to the use of these fees when funding capital improvements. Pursuant to Government Code Section 66006(b), this Report must be reviewed by the City Council at a public meeting, not less than fifteen days after this information is made available to the public. The attached Report summarizes the activity in several funds, which collect development impact fees and pertains to information for Fiscal Year ending June 30, 2011.

Fees that have been deposited with the City for more than five years must be identified and evaluated as required by Government Code Section 66001(d)(1). At this time, the City does not have any funds that were originally deposited in, or previous to, June 30, 2006. This is because the first funding received is the first utilized.

**DISCUSSION**

In general, the City collects development impact fees to offset the impacts of new development projects in the City. These impacts are usually associated with increased demand placed on City facilities due to the additional usage of the facilities. For example, the City collects a drainage fee to improve drainage facilities. As development occurs, more of the City's natural surfaces are replaced with paved surfaces. Paved surfaces do not absorb storm water, so the runoff goes into the public streets. If drainage facilities are not improved, the streets will experience significant flooding that could damage vehicles and buildings.

FINANCIAL IMPACT

There is no impact to the General Fund.

RECOMMENDATION

It is recommended that the City Council:

- Receive and file the Fiscal Year 2010-11 Development Impact Fee Annual Report as required by Government Code Section 66006 (b).



WILLIAM E. MURRAY, P.E.  
Public Works Director/City Engineer



By: Ana Neal  
Administrative Analyst

Attachment: Fiscal Year 2010-11 Development Impact Fee Annual Report

**Recommended for Approval**



Matthew Ferial  
City Manager

**The City of Garden Grove  
Development Impact Fee Annual Report  
Fiscal Year 2010-2011**

The following is a report, which was prepared to comply with California Government Code Section 66006. The section requires an annual disclosure review of collected development impact fees and disbursements. This review is prepared in compliance with the requirements of the code as a coordinated effort with the Department of Public Works, the Finance Department, and the City Attorney.

The disclosure portion of Section 66006(b) requires that within 180 days after the last day of the fiscal year the city shall make available the following information for the previous fiscal year:

- A. A brief description of the type of fee in the account or fund, included under Section 1.0.
- B. The amount of the fee, included as Section 2.0.
- C. The beginning and ending balances of the fund and fees collected and the interest earned included as Section 3.0.
- D. An identification of each public improvement on which the fees were expended and the amount of the expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with fees Included as Section 4.0.
- E. 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 of an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete Included as Section 5.0.
- F. A description of each inter-fund transfer or loan made from the account or fund including the public improvement on which the transferred or loaned fees will be expended, and the rate of an inter-fund 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. No transfers or loans were required or made.
- G. The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001. No refunds were required or made.

## **Section 1.0. A brief description of the type of fee in the account or fund**

### Drainage Fee

As city lands are developed, hard surface areas (concrete/paving) increase and directly affect flooding citywide. A drainage fee is charged to fund local drainage improvements that are required to reduce the cumulative impact of increased runoff in the city.

### Traffic Impact Fee

Development increases the motorist population citywide and the cumulative increase requires constant improvements to meet the demands of the public. The Traffic Impact Fee is charged to fund projects that relieve traffic congestion either in a specific location of need or citywide.

### Water Assessment Fees

The fees reflect the cumulative impact of development on the water infrastructure. Water assessment fees are charged per (1) frontage and (2) acreage. The reasoning is that a property with a large frontage will benefit from additional street exposure, including landscaping and will place a greater burden on the water system as opposed to a similar sized parcel with a smaller sized frontage. The fee for acreage is to account for the increased demand placed on the water system by larger properties in general. Together, these fees fund capital projects that are required in order to meet the water needs of an increased population and to upgrade an aging infrastructure. As a result, we will meet the ever-increasing water quality and fire flow regulations.

### Parkway Tree Fee

City Parkway Trees are located throughout the city. The maintenance and care of the city's urban forest is an ongoing task that involves trimming, planting, removal, sucker removal, installation of root barriers, staking, etc. Additionally, hardscape items, such as curb, gutter, and sidewalk, need removal and replacement due to tree root damage. New development often removes mature trees as part of their project. This fee is collected to pay for the capital improvement costs associated with maintaining the city's parkway trees and adjacent hardscape. In this manner, the city's urban forest is maintained at a service level that is consistent with the public's expectations.

### In Lieu Park Fee

The in lieu park fee is charged to offset city requirements to provide onsite park space or improvements. These fees are used to pay for current capital replacement and improvements at parks as well as future park space.

### Art in Public Places

The city collects Art fees to construct various public art pieces and memorials.

### General Plan and Cultural Arts Fee

The city is required to update its General Plan every ten years to reflect current development trends and city needs. This fee pays for the General Plan update. The Cultural Arts fee is collected in lieu to requirements that new developments contribute onsite facilities for the Arts. The fee is used for capital improvements to the city's existing theatre.

### In Lieu Undergrounding Fee

This fee is collected in lieu of required utility undergrounding at the request of the developer. The fee will be used to underground overhead utility lines in conjunction with the City's Rule 20A program funded through Southern California Edison. This will maximize the city's resources and deliver a more cost effective project.

## Section 2.0. Fee Amounts

### Drainage Fee.

\$3,000/acre or \$.07 per square foot lot size

### Traffic Impact Fee

Cost is determined by land use.

#### Land Use--Fee Per Unit

Single Family (Includes Condominiums, town homes) .....	\$423.00
Apartment.....	\$381.00
Hotel/Motel .....	\$363.00

#### Land Use--Fee Per SFGFA\*

General Office.....	\$0.94
Industrial .....	\$0.31
Retail (PB) .....	\$1.80
Church .....	\$0.44
Hospital .....	\$0.86
Child Care (PB) .....	\$2.46

Note: For specific land uses not listed, the fee will be determined by the City Engineer using the trip rates from the "Institute of Transportation Engineers (ITE) Trip Generation" manual, Fifth Edition.

\* SFGFA = Square Feet of Gross Floor Area      PB = Passby Traffic

### Water Assessment Fees

Cost is determined by adding the acreage and frontage charges:

Acreage charge; \$950 per acre.

Frontage charge; \$8 per linear foot for an arterial street or \$4.50 per linear foot for a residential street

### Parkway Tree Fee

Cost = \$2.50 per linear foot of frontage.

### In Lieu Park Fee

These fees are in lieu of dedication of park land for residential development only. Type of Residential Subdivision or Development Fee per Dwelling Unit

Single-family dwelling .....	\$5,500.00
Town House, Condominium or Planned Unit Development Units .....	\$5,500.00
Two, Three or Multiple Family Dwellings .....	\$5,500.00
Mobile Home Parks .....	\$2,750.00

### Art in Public Places

This fee applies to all office, commercial, and industrial developments within the City of Garden Grove.

### Total Valuation

	<u>Fee</u>
Up to \$499,999.00 .....	No fee
\$500,000.00 to \$1,000,000.00 .....	1/4 of 1% of total valuation
Over \$1,000,000.00 .....	\$2,500.00 plus \$500.00/each whole one million dollar thereafter

General Plan and Cultural Arts Fee.

\$2.00 plus \$1.75/\$1,000.00 or fraction thereof of valuation as determined by the Building Official.

In Lieu Undergrounding Fee

This fee is equal to the Southern California Edison cost estimate to underground the required poles for the project.

### Section 3.0. Fund Balances, Interest Earned, and Fees Collected

The beginning balance is as of June 30, 2010 and the ending balance is as of June 30, 2011. Fees and interest were collected between those dates.

<b>DRAINAGE FEE</b>			
Beginning Balance:	\$202,813.66	Interest Earned:	\$5,227.83
Fees Collected:	\$77,946.13	Ending Balance:	\$285,477.60
<b>TRAFFIC IMPACT FEE</b>			
Beginning Balance:	\$52,345.18	Interest Earned:	\$2,214.65
Fees Collected:	\$21,573.00	Ending Balance:	\$58,339.00
<b>WATER ASSESSMENT FEE (ACREAGE)</b>			
Beginning Balance:	\$0	Interest Earned:	\$0
Fees Collected:	\$10,937.53	Ending Balance:	\$0
<b>WATER ASSESSMENT FEE (FRONTAGE)</b>			
Beginning Balance:	\$0	Interest Earned:	\$0
Fees Collected:	\$8,862.55	Ending Balance:	\$0
<b>PARKWAY TREE FEE</b>			
Beginning Balance:	\$0	Interest Earned:	\$0
Fees Collected:	\$19,619.00	Ending Balance:	\$0
<b>IN LIEU PARK FEE</b>			
Beginning Balance:	\$1,302,508.68	Interest Earned:	\$27,725.39
Fees Collected:	\$275,000.00	Ending Balance:	\$1,429,281.69
<b>ART IN PUBLIC PLACES FEE</b>			
Beginning Balance:	\$0	Interest Earned:	\$0
Fees Collected:	\$1,710.90	Ending Balance:	\$0
<b>GENERAL PLAN AND CULTURAL ART FEE</b>			
Beginning Balance:	\$227,523.87	Interest Earned:	\$4,617.31
Fees Collected:	\$27,698.05	Ending Balance:	\$259,839.23
<b>IN LIEU UNDERGROUNDING FEE</b>			
Beginning Balance:	\$199,172.16	Interest Earned:	\$1,991.72
Fees Collected:	\$0	Ending Balance:	\$0

**Section 4.0. List of Public Improvements Funded by Each Fee.**

An identification of each public improvement on which the fees were expended and the amount of the expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

<b>DRAINAGE FEE</b>	
Project: Line B-5 Storm Drain, Phase II	Total Cost: \$6,600,000
Fee Spent: \$510.02	Percentage of project funded by fees: 1%
<b>TRAFFIC IMPACT FEE</b>	
Project: Harbor Blvd./Trask Intersection Improvement	Total Cost: \$3,000,000
Fee Spent: \$17,793.83	Percentage of project funded by fees: 1%
<b>WATER ASSESSMENT FEES (ACREAGE/FRONTAGE)</b>	
Project: Capital replacement (lines, meters & valves)	Total Cost: \$2,600,000
Fee Spent: \$19,800.08	Percentage of project funded by fees: 1%
<b>PARKWAY TREE FEE</b>	
Project: Tree-Related Capital Improvements	Total Cost: \$1,000,000
Fee Spent: \$19,619	Percentage of project funded by fees: 2%
<b>IN LIEU PARK FEE</b>	
Project: Park Capital Improvements	Total Cost: \$530,000
Fee Spent: \$175,952.38	Percentage of project funded by fees: 33%
<b>ART IN PUBLIC PLACES</b>	
Project: Cultural Arts	Total Cost: \$50,000
Fee Spent: \$1,710.90	Percentage of project funded by fees: 3%
<b>GENERAL PLAN AND CULTURAL ART FEE</b>	
Project: General Plan Update	Total Cost: \$400,000
Fee Spent: \$0	Percentage of project funded by fees: TBD
<b>IN LIEU UNDERGROUNDING FEE</b>	
Project: Taft Avenue Utility Undergrounding	Total Cost: \$500,000
Fee Spent: \$201,163.88	Percentage of project funded by fees: 40%



## **Section 5.0. List of Approximate Construction Dates for Public Improvements**

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 of an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001.

### Drainage Fee

Project: Line B-5 Storm Drain Phase II

Estimated Start Date: July 2012

### Traffic Impact Fee

Project: New Traffic Signal at Westminster and Dawson

Estimated Start Date: January 2012

### Water Assessment Fees

Project: Citywide Capital Replacement (includes lines, meters, and valves)

Estimated Start Date: On-going

### Parkway Tree Fee

Project: Tree-Related Capital Improvements

Estimated Start Date: On-going

### In Lieu Park Fee

Project: Restroom Renovation and Park Capital Improvement/Replacement

Estimated Start Date: On-going

### Art in Public Places

Project: Vietnam Veterans Museum

Estimated Start Date: Once sufficient funds are collected date will be determined

### General Plan and Cultural Arts Fee

Project: General Plan Update

Estimated Start Date: Next General Plan Update to begin in 2018

### In Lieu Undergrounding Fee

Project: Taft Avenue Utility Undergrounding

Estimated Start Date: 2/2010 – on-going