

ANNUAL DEVELOPMENT IMPACT FEE REPORT



Fiscal Year Ended June 30, 2021

City Council



Mayor Pro Tem
Sean Dang

Council Member
John Tang

Mayor
Polly Low

Council Member
Sandra Armenta

Council Member
Margaret Clark

Executive Team

City Manager – Gloria Molleda

City Clerk	Ericka Hernandez
City Attorney	Rachel H. Richman
Assistant City Manager.....	Vacant
Chief of Police (LA County Sheriff's Dept).....	Vacant
Director of Community Development	Vacant
Director of Finance (Interim)	Paula Chamberlain
Director of Parks & Recreation.....	Thomas Boecking
Director of Public Works	Michael Chung

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December 14, 2021

The Honorable Mayor, Members of the City Council and Residents of Rosemead,

City Council approved the establishment of Development Impact Fees through the enactment of Government Code Sections 66001 through 66009. Ordinance No. 949 established Development Impact Fees for Traffic, Public Safety, General Government, and Parks, while Resolution No. 2015-17 approved the final draft Development Impact Fee (DIF) Study and set the impact fees. The DIF Study provided a detailed study of the impacts of future growth on local facilities and provided the analysis and support for the DIFs imposed by the City. The fees established were approved with a 3-year phase in approach with current fees becoming effective on July 1, 2017. The fees have not been adjusted since 2017 but are currently under review within the Comprehensive Fee Study authorized due to be finalized in FY 2021-22.

DIFs are charged by local governmental agencies in connection with approval of development projects. The purpose of these fees is to defray all or a portion of the cost of public facilities related to the development project. The legal requirements for enactment of a DIF program are set forth in Government Code Sections 66000-66025 (the "Mitigation Fee Act"), the bulk of which was adopted as 1987's AB 1600 and thus commonly referred to as "AB 1600 requirements".

In Rosemead, DIFs are collected at the time a building permit is issued for the purpose of mitigating the impacts caused by new development on the City's infrastructure. Fees are to be used to finance the acquisition, construction and improvement of public facilities needed as a result of this new development. A separate fund has been established to account for the impact of new development on each of the following types of public facilities: Traffic, Public Safety, General Government, and Parks.

State law requires any local agency that imposes development impact fees to prepare and make available an annual report providing specific information about those fees within 180 days after the last day of each fiscal year. Therefore, in accordance with the provisions of the California Government Code Section 66006 (b) and 66001 (d), as amended by Assembly Bill (AB) 518 and Senate Bill (SB) 1693, I hereby submit the Development Impact Fee (DIF) Report for the City of Rosemead, California for the fiscal year (FY) ended June 30, 2021. 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 November 29, 2021.

Respectfully submitted,

Paula Chamberlain

Paula Chamberlain, Interim Finance Director

Introduction

LEGAL REQUIREMENTS FOR DEVELOPMENT IMPACT FEE REPORTING

A. CALIFORNIA GOVERNMENT CODE SECTION 66006 (b)

California Government Code Section 66006 (b) defines the specific reporting requirements for local agencies that impose AB 1600 DIFs on new development. Annually, for each separate fund established for the collection and expenditure of DIFs, 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 the location where each item can be found in the report are provided for reference.

- 1) A brief description of the type of fee in the account or fund. (pg 6)
- 2) The amount of the fee. (pg 7)
- 3) The beginning and ending balance of the account or fund. (pgs 7 & 9-11)
- 4) The amount of the fees collected and interest earned. (pg 8)
- 5) 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. (pg 8)
- 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. (pg 8)
- 7) 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. (pg 8)
- 8) 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. (pg 8)

B. CALIFORNIA GOVERNMENT CODE SECTION 66001 (d)

For all funds established for the collection and expenditure of DIFs, California Government Code Section 66001 (d) has additional requirements. For the fifth fiscal year following the first deposit into the fund and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the fund remaining unexpended, whether committed or uncommitted:

- 1) Identify the purpose to which the fee is to be put.
- 2) Demonstrate a reasonable relationship between the fee and purpose for which it is charged.
- 3) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements.

- 4) Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

Rosemead has now been collecting these fees for five years, therefore, this required information will be reported in the FY 2021-22 Development Impact Fee Report.

C. CALIFORNIA GOVERNMENT CODE SECTION 66002

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, time of availability, and estimates of cost for all facilities or improvements to be finance with the fees. The capital improvement plan is to be adopted by, and annually updated by, a resolution of the governing body of the local agency adopted at a noticed public hearing. Notice of the hearing is to be given pursuant to Section 65090. This section also defines the meaning of “facility” or “improvement” as used in this section which includes all capital projects identified in the capital facilities plan adopted pursuant to Section 66002.

The City’s current, adopted Capital Improvement Program can be found on the City’s website at www.cityofrosemead.org.

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

The DIF Program sets forth the relationship between contemplated future development, facilities needed to serve future development and the estimated costs of those improvements based on the current General Plan for build-out. The City’s current DIF Program has been in effect since FY 2016-17 based on the Development Fee Study which evaluated future growth in relation to future infrastructure needs. As provided in Resolution No. 2015-07, fees are to be adjusted annually each fiscal year beginning on July 1, 2018 by a percentage equal to the percentage increase, if any, in the Engineering News Record (ENR) Construction Price Index for the Los Angeles County Area. While fees have not been updated since July 1, 2017, a comprehensive review of Development Impact Fees is underway and due for completion in FY 2021-22.

E. FUNDING OF INFRASTRUCTURE

The Capital Improvement Program (CIP) identifies all funding sources and amounts for individual projects. 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 serve 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 impact 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. Since the DIF program is still relatively new with limited resources, no projects approved to date have utilized DIF funding; however, potential projects are currently under review for possible budget modifications for FY 2021-22 or inclusion in the FY 2022-23 CIP.

Response to the Reporting Requirements

1) DESCRIPTION OF DEVELOPMENT IMPACT FEES

- a) Traffic Facilities – Fund 250 – The purpose of the Traffic Impact Fee is to fund the share of roadway improvement costs allocated to new development. The fee is based on the projected vehicle trip growth in Rosemead and the roadway improvements that have been identified to accommodate additional traffic. The revenue is to fund the share of roadway improvement costs allocated to new development.
- b) Public Safety Facilities – F251 – The purpose of the Public Safety Impact fee is to fund the public safety facilities needed to serve new development. The fee is based on the existing facility standard in the City of Rosemead. This fee will allow the City to maintain its current level of facilities per capita as growth occurs. The fee revenue can be used to expand existing public safety facilities, construct new facilities, and purchase additional vehicles and equipment to accommodate additional development and the corresponding demands for services.
- c) General Government Facilities – F252 – The purpose of the General Government Impact fee is to fund the general government facilities needed to serve new development. The fee is based on the existing facility standard in the City of Rosemead. This fee will allow the City to maintain its current level of facilities per capita as growth occurs. The fee revenue can be used to expand existing general government facilities, construct new facilities, and purchase additional vehicles and equipment to accommodate additional development and the corresponding demands for services.
- d) Park Facilities – Fund 253 – The purpose of the Park Impact fee is to generate revenue to expand the City’s park facilities to accommodate new residential development and the increases in population that result. The fee is based on the City’s existing standard of park acreage per 1,000 residents. The fee is charged under the Mitigation Fee Act, and only applies to residential development. The revenue may be used to purchase park land, develop new parks, or develop improvements at exiting parks that expand their capacity to accommodate additional usage resulting from population increased related to new development.

2) CURRENT FEE SCHEDULE

The current fees were approved by Resolution No. 2015-07 on June 9, 2015. The fees, as adopted provided for a 3-year phase in with final fees established as of July 1, 2017. Although a fee escalation based on the percentage change equal to the percentage increase, if any, in the Engineering News Record (ENR) Construction Price Index for the Los Angeles County Area was included in the fee adoption, the fees have not been increased since reaching the final phased in amount. A new fee study, including Development Impact Fees, is currently underway; however, until the study is completed, and new fees adopted by the City Council, the fees, as of July 1, 2017, are as follows:

Type	Single Use Zones	Mixed Use Zones	Type	Single Use Zones	Mixed Use Zones
Residential			Nonresidential		
Single Family	\$ 6,500	\$ 6,388	Retail	\$ 1,365	\$ 1,242
Multi-family	\$ 5,197	\$ 5,126	Office	\$ 1,997	\$ 1,812
			Industrial	\$ 1,250	\$ 1,127
Fees are expressed per dwelling unit for residential			Fees are expressed per 1,000 sq ft of floor area for nonresidential		

These fees are further defined on pages 6, 25, 31, 35, and 43 in Attachment “A” of the April 2015 Development Impact Fee Study with Park Development Impact Fees modified by the City Council upon adoption. The fees by type are as follows:

Residential

Residential Fees per Dwelling Unit					
Fund #	Fund Description	Single Use		Mixed Use	
		Single Family	Multi Family	Single Family	Multi Family
250	Traffic	\$ 1,024	\$ 634	\$ 912	\$ 563
251	Public Safety	145	121	145	121
252	General Government	1,013	844	1,013	844
253	Parks	4,318	3,598	4,318	3,597
		\$ 6,500	\$ 5,197	\$ 6,388	\$ 5,125

Non-Residential

Non-Residential Fees per 1,000 SF of Floor Area							
Fund #	Fund Description	Single Use			Mixed Use		
		Retail	Office	Industrial	Retail	Office	Industrial
250	Traffic	\$ 1,136	\$ 1,690	\$ 1,137	\$ 1,013	\$ 1,505	\$ 1,014
251	Public Safety	29	39	14	29	39	14
252	General Governmer	200	268	99	200	268	99
253	Parks	-	-	-	-	-	-
		\$ 1,365	\$ 1,997	\$ 1,250	\$ 1,242	\$ 1,812	\$ 1,127

3 BEGINNING AND ENDING BALANCE OF THE FUND(S)

Fund No.	Impact Fee Fund	Beginning Fund Balance 7/01/2020	Ending Fund Balance 6/30/2021
250	Traffic	41,291	53,157
251	Public Safety	7,357	9,039
252	General Government	52,200	63,950
253	Parks	218,836	272,515
Totals		319,685	398,661

4 THE AMOUNT OF FEES COLLECTED AND INTEREST EARNED

	FY 2020-21			Cummulative		
	Fees Collected	Interest Earned	Total Revenue	Fees Collected	Interest Earned	Total Revenue
Traffic	11,809	56	11,866	51,994	1,163	53,157
Public Safety	1,672	10	1,682	8,834	205	9,039
General Government	11,682	68	11,750	62,493	1,457	63,950
Parks	53,395	284	53,679	266,400	6,115	272,515
Total	78,559	418	78,976	389,721	8,940	398,661

5 IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH IMPACT FEES WERE SPENT

No improvements have been made using Development Impact Fees to date.

6 IDENTIFICATION OF APPROXIMATE DATE BY WHICH THE CONSTRUCTION WITH COMMENCE

No improvements utilizing Development Impact Fees have been initiated to date.

7 DESCRIPTION OF INTERFUND TRANSFERS OR LOANS MADE FROM DEVELOPMENT IMPACT FEE FUNDS

No transfers or loans of Development Improvement Fee funds have occurred.

8 AMOUNT OF REFUNDS MADE DUE TO SUFFICIENT FUNDS BEING COLLECTED TO COMPLETE PUBLIC IMPROVEMENTS

No refunds from Development Improvement Fee funds due to sufficient funding have occurred.

Statement of Revenue, Expenditures and Fund Balances

Combined Summaries

For the Year Ended June 30, 2021

Description	Traffic F250	Public Safety F251	Gen'l Govt F252	Parks F253	Totals
REVENUE					
Impact Fees	11,809	1,672	11,682	53,395	78,559
Interest Earnings	56	10	68	284	418
Total Revenue	11,866	1,682	11,750	53,679	78,976
EXPENDITURES					
Expenditures	-	-	-	-	-
Total Expenditures	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES					
	11,866	1,682	11,750	53,679	78,976
Fund Balance, Beginning of Year	41,291	7,357	52,200	218,836	319,685
Fund Balance, End of Year	53,157	9,039	63,950	272,515	398,661

Last Five Fiscal Years by Fund

Description	Traffic F250	Public Safety F251	Gen'l Govt F252	Parks F253	Totals
REVENUE					
Impact Fees	51,994	8,834	62,493	266,400	389,721
Interest Earnings	1,163	205	1,457	6,115	8,940
Total Revenue	53,157	9,039	63,950	272,515	398,661
EXPENDITURES					
Expenditures	-	-	-	-	-
Total Expenditures	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES					
	53,157	9,039	63,950	272,515	398,661
Fund Balance, End of Year	53,157	9,039	63,950	272,515	398,661

Fees and Interest - Last Five Fiscal Years by Year

Fund	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Traffic	1,951	3,953	15,318	20,069	11,866
Public Safety	339	654	2,746	3,619	1,682
General Government	2,363	4,562	20,008	25,267	11,750
Parks	10,075	19,446	81,680	107,635	53,679
Total	14,728	28,615	119,752	156,589	78,976
Cummulative	14,728	43,343	163,095	319,685	398,661

Statement of Revenue, Expenditures and Fund Balances

Fund Details

Traffic

Development Impact Fee

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Year

Description	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
REVENUE					
Impact Fees	1,950.74	3,950.00	14,972.00	19,312.00	11,809.18
Revenue	-	3.21	346.13	757.18	56.47
Total Revenue	1,950.74	3,953.21	15,318.13	20,069.18	11,865.65
EXPENDITURES					
Expenditures	-	-	-	-	-
Total Expenditures	-	-	-	-	-
REVENUES OVER (UNDER)					
EXPENDITURES	1,950.74	3,953.21	15,318.13	20,069.18	11,865.65
Fund Balance, Beginning of Year	-	1,950.74	5,903.95	21,222.08	41,291.26
Fund Balance, End of Year	1,950.74	5,903.95	21,222.08	41,291.26	53,156.91

Public Safety

Development Impact Fee

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Year

Description	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
REVENUE					
Impact Fees	338.67	653.00	2,686.00	3,484.00	1,672.20
Revenue	-	0.55	59.76	134.84	9.55
Total Revenue	338.67	653.55	2,745.76	3,618.84	1,681.75
EXPENDITURES					
Expenditures	-	-	-	-	-
Total Expenditures	-	-	-	-	-
REVENUES OVER (UNDER)					
EXPENDITURES	338.67	653.55	2,745.76	3,618.84	1,681.75
Fund Balance, Beginning of Year	-	338.67	992.22	3,737.98	7,356.82
Fund Balance, End of Year	338.67	992.22	3,737.98	7,356.82	9,038.57

Statement of Revenue, Expenditures and Fund Balances

General Government

Development Impact Fee

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Year

Description	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
REVENUE					
Impact Fees	2,363.44	4,558.00	19,581.00	24,308.00	11,682.30
Revenue	-	3.83	427.34	958.56	67.52
Total Revenue	2,363.44	4,561.83	20,008.34	25,266.56	11,749.82
EXPENDITURES					
Expenditures	-	-	-	-	-
Total Expenditures	-	-	-	-	-
REVENUES OVER (UNDER)					
EXPENDITURES	2,363.44	4,561.83	20,008.34	25,266.56	11,749.82
Fund Balance, Beginning of Year	-	2,363.44	6,925.27	26,933.61	52,200.17
Fund Balance, End of Year	2,363.44	6,925.27	26,933.61	52,200.17	63,949.99

Parks

Development Impact Fee

Statement of Revenues, Expenditures and Changes in Fund Balance Last Five Fiscal Year

Description	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
REVENUE					
Impact Fees	10,075.15	19,430.00	79,876.00	103,624.00	53,394.88
Revenue	-	16.32	1,804.13	4,010.85	284.01
Total Revenue	10,075.15	19,446.32	81,680.13	107,634.85	53,678.89
EXPENDITURES					
Expenditures	-	-	-	-	-
Total Expenditures	-	-	-	-	-
REVENUES OVER (UNDER)					
EXPENDITURES	10,075.15	19,446.32	81,680.13	107,634.85	53,678.89
Fund Balance, Beginning of Year	-	10,075.15	29,521.47	111,201.60	218,836.45
Fund Balance, End of Year	10,075.15	29,521.47	111,201.60	218,836.45	272,515.34