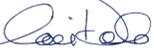




Memorandum
DEVELOPMENT SERVICES DEPARTMENT
Administration

TO: Honorable Mayor and City Councilmembers

FROM: Brian Thomas, City Engineer 
Cari Dale, Water Utilities Director 

Through: Deanna Lorson, City Manager
Jonathan Borrego, Deputy City Manager

DATE: April 1, 2020

SUBJECT: *AB 1600 Report for Development Impact Fees and FY 2020-2021 Capital Improvement Program*

FY 2020-2021 CIP

Attached is a copy of the FY 2020-21 Capital Improvement Program (CIP) for your review. The CIP book is divided by program, and a summary of each program is presented as the first page of each section. Following the summary pages are detailed financial pages representing each fund within the program. These detail pages list each project in a fund and categorizes them as one of the following: Existing Projects, Completed Projects, New Projects, and Future Unfunded Projects for those projects that are planned beyond the next fiscal year. Smaller projects and those that consist of repairs, maintenance, and studies that will not result in a capital project are not considered CIP projects and are labeled CIP-Operating to show their impacts to the balances of the various funds. Detailed information sheets are provided for each project and show the anticipated expenditures and funding sources for each.

Funding for the CIP budget is approved by the City Council for the first year of the five-year program; the other four years are shown in the budget as a planning tool. Unused appropriations are re-budgeted in subsequent years when projects are not complete. Council is asked to approve the amounts in the Appropriations FY 2020-21 column.

The total CIP budget for FY 2020-21 is \$285.5 million. The major new and continuing projects for FY 2020-21 include:

- | | |
|---|-----------------|
| 1. Street Overlay Projects | \$ 3.0 million |
| 2. Slurry Seal Projects | \$ 2.2 million |
| 3. Storm Drain Improvements | \$ 4.0 million |
| 4. Downtown Water Pipeline Replacement | \$ 6.9 million |
| 5. Downtown Sewer Pipeline Replacement | \$ 9.0 million |
| 6. College between Vista Way & Old Grove Const | \$ 4.6 million |
| 7. Thunder Dr Road Rehabilitation | \$ 1.0 million |
| 8. Reservoir Structural Analysis & Rehabilitation | \$ 5.6 million |
| 9. Buccaneer Lift Station Project | \$ 23.3 million |
| 10. San Luis Rey Maintenance Building Upgrades | \$ 5.8 million |

11. Sewer Land Outfall	\$ 5.6 million
12. Buccaneer Clean, CCTV & Slip (Forcemain)	\$ 11.0 million
13. Food Waste to Energy	\$ 1.8 million
14. Fallbrook Recycled Water Line Assessment	\$ 3.0 million
15. Automated Meter Infrastructure	\$ 4.9 million
16. Pure Water Oceanside – Phase 2	\$ 64.2 million

The above project budgets include Measure X funds. The CIP program will be reviewed by all appropriate commissions prior to Council’s scheduled adoption on June 3, 2020. The Planning Commission will review the entire CIP program on May 4, 2020 to certify consistency with the General Plan.

AB 1600 Compliance

Although the CIP represents multiple funding sources, it is primarily comprised of several Development Impact Fees (DIF). State Law requires each local agency that imposes DIF’s to prepare an annual report providing specific information about those fees. Fees imposed on new development must have the proper nexus to a legitimate state interest and must be roughly proportional to the impact of a development project. In addition, State Law imposes certain accounting and reporting requirements with respect to the fees collected. The fees, for accounting purposes, must be segregated from the general funds of the City and from other funds or accounts containing fees collected for other improvements. Interest on each development fee fund or account must be credited to that fund or account and used only for the purposes for which the fees were collected.

The California Government Code requires local agencies that impose fees in connection with the approval of development projects to make certain information available to the public on an annual basis. Section 66006 requires that the following be disclosed:

- a) A brief description of the type of fee in the fund.
- b) The amount of the fee.
- c) The beginning and ending balance of the fund.
- d) The amount of fees collected and the interest earned.
- e) An identification of each public improvement on which the fees were expended and the amount of expenditures on each improvement.
- f) An identification of an approximate date by which the construction of the improvement will commence if the agency determines that sufficient funds have been collected to complete the financing of an incomplete public improvement.
- g) A description of each interfund transfer or loan made from the 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 the account or fund will receive on the loan.
- h) The amount of refunds made.

Additionally, Government Code Section 66001 requires that if the funds have not been spent, the City must make the following required findings, regardless of whether the funds are committed or uncommitted, once every five years:

- 1) Identify the purpose to which the fee is to be put.
- 2) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.
- 3) Identify all sources and amounts of funding anticipated to complete financing of incomplete public improvements and the approximate dates on which such funding is expected to be deposited into the appropriate fund.

When sufficient funds have been collected to complete financing of incomplete public improvements and the improvements remain incomplete, the agency is required to identify an approximate date by which the construction of the public improvements will be commenced, or shall refund to the then current owner(s) of record the unexpended portion of the fee and interest accrued thereon with limited exception.

The City collects four Development Impact Fees as identified below:

1. Thoroughfare Signal Fees: The purpose of this fee is to finance the construction of bridges and roadway improvements and installation of traffic signals needed to maintain traffic movement and safety on City streets. These fees provide the funding to accommodate traffic generated by future development within the City as identified in the City's Circulation Element of the General Plan. In 2016, the City combined two separate fees (1. Major Thoroughfare and 2. Signals) into the current Thoroughfare Signal Fee.

2. Citywide Drainage Fees: The purpose of these fees is to finance the storm drain and flood control improvements needed to adequately serve and protect the community citywide. These fees provide funding to accommodate the needs generated by future development within the City as identified in the City's Storm Drain Master Plan. In 2016, the City consolidated the Drainage District fees into the current Citywide Drainage Fee.

3. Parks Fees: The purpose of this fee is to finance the park improvements needed for the City. These fees provide project funding to accommodate needs generated by future development within the City in accordance with the City's Master Plan of Parks and Recreation.

4. Public Facility Fees: The purpose of this fee is to finance the public safety and library improvements needed for the City. These fees provide funding to accommodate needs generated by future development within the City in accordance with the City's Community Facilities element of the General Plan.

Details of activity for each of the fees including fund balances, interest earned and projected expenditures, are contained in the City's Five-Year Capital Improvements Program Budget on file with the City Clerk's office.

Developer Impact Fee Funds with unexpended funds for five or more years after they have been collected are follows:

Major Thoroughfare Fees- The remaining unexpended balance for Thoroughfare project five-year period 2016-2021 is \$6,978,227 which is required for the following projects:

- Funds in the amount of \$4,600,000 are appropriated to the College btwn Vista Way & Old Grove Const project as part of the FY 20-21 CIP budget.
- Additional funds in the amount of \$2,400,000 will be budgeted in FY 21-22 for continued construction of the College Widening.

Citywide Drainage Fees- On May 18, 2016, the City Council adopted by Resolution No. 16-R0324-1, a new consolidated fee structure for drainage improvements. Per the Resolution, funds collected prior to the Resolution date shall be aggregated into a single, city wide account, to fund Drainage Program projects on a city-wide basis. The Cleveland Storm Drain Upgrade is scheduled to utilize the remaining fund balances within the 5-year required period.

The Citywide Drainage Fee program has received several inter-fund transfers in the amount of \$5,499,639 from the old Drainage District Funds for the implementation of the Cleveland Storm Drain Upgrade project. The remaining unexpended balance for the Drainage project five-year period 2016-2021 is \$3,330,167 which is required for the following project:

- Funds in the amount of \$3,500,000 are appropriated to the Cleveland Storm Drain Upgrade project as part of the FY 20-21 CIP.

Parks Fees- The remaining unexpended balance for the Parks project five-year period 2016-2021 is \$1,668,489 which is required for the following projects:

- Mance Buchanan Field Lights \$1,000,000
- JLRC Park Study \$ 50,000
- Pickleball Courts Ph 1 \$ 200,000
- Dog Facilities Study \$50,000

Public Facilities Fees- The remaining unexpended balance for the Public Facilities project five-year period 2016-2021 is \$556,336 which is required for the following projects:

- Funds in the amount of \$500,000 are appropriated to the Main Library Improvements project as part of the FY 20-21 CIP budget.
- Funds in the amount of \$60,000 are appropriated to the Lifeguard Towers project as part of the FY 20-21 CIP Budget.

The City continues to allocate interest on the balances retained. Staff has identified the findings necessary as part of the Budget Resolution. Adoption of the Resolution allows the City to continue to retain the fees discussed earlier in the report, in order to fund the projects for which they were collected.