



## City Council AGENDA REPORT

**DATE:** 12/01/2022

**AGENDA OF:** 12/13/2022

**DEPARTMENT:** Finance

**SUBJECT:** FY 2022 Traffic Impact Fee Annual Report (FN/PW)

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**RECOMMENDATION:** Motion to accept and approve the attached FY 2022 Traffic Impact Fee Annual Report.

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**BACKGROUND:** In April 2004, the City Council adopted the Beach /South of Laurel Traffic Impact Fee Ordinance and in June 2005, the City Council adopted the Citywide Traffic Impact Fee Ordinance. In November 2012, the City Council amended the Traffic Impact Fee Ordinances to combine the Beach/South of Laurel and Citywide areas resulting in a single Traffic Impact Fee as of FY2013 and basing it on PM peak hour trips rather than daily trips. In August 2021, the City Council amended the fee to address the cost of construction increases that occurred since the last revision. This fee complies with California Government Code Section 66006.

Section 66006 provides the annual reporting requirements for development impact fees. It requires that within 180 days after the close of the fiscal year the City shall produce a report on the developer impact fees and make it public at least 15 days prior to the regularly scheduled City Council meeting. In addition, for anyone who provided a written request to be notified, the City shall mail them notice of the time and place of the meeting at least 15 days prior to the meeting. Staff has compiled and made available at the Public Works Counter 15 days prior to the meeting the FY 2022 Traffic Impact Fee Annual Report, which is attached. Staff recommends acceptance and approval of the report.

**DISCUSSION:** The City began collecting Traffic Impact fees in FY 2006. The amount collected in FY 2022 is \$35,441 and is detailed in the attached report.

In December 2021, Council gave direction during the approval of the FY 2021 Traffic Impact Fees Annual report for staff to provide an FYI on how fees are developed and determine whether a transit impact fee can be developed. A nexus study would need to be performed by Metro to determine transit impacts attributable by the development. The study would also need to include rational for proportional impacts by the development. Should Metro pursue this, City and other local agency staff would work with Metro to complete their nexus study and fee development process. Currently, staff is working with Metro to create an objective standard for new multifamily residential projects to provide transit passes as a Transportation Demand Management (TDM) strategy. This new objective standard is part of the City's Climate Action Plan and relates to new state legislation (AB 2097) that limits the local agency to require parking

in projects located within one half mile of a high-quality transit stop for projects with 20 or more units.

**FISCAL IMPACT:** None.

**Prepared By:**  
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**Submitted By:**  
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Finance Director

**Approved By:**  
Matt Huffaker  
City Manager

**ATTACHMENTS:**

1. 2022 TRAFFIC IMPACT FEE ANNUAL REPORT - DEVELOPMENT IMPACT FEES.PDF

City of Santa Cruz  
2022 Traffic Impact Fee Annual Report  
Development Impact Fees  
For Fiscal Year Ending June 30, 2022

Government Code Sec. 66006(a) requires local agencies to produce an annual report, within 180 days of the fiscal year end. The annual report must be made available to the public and be presented to the public agency (City Council) at least fifteen days after it is made available to the public.

This report summarizes the following information for each of the development fee programs:

1. Description of fee
2. Amount of fee
3. Beginning and ending fund balances
4. Amount of fees collected and interest earned
5. Identification of projects on which fees were expended and the amount for each improvement that was expended
6. The total percentage of the cost of the public improvement that was funded with fees
7. The approximate date by which construction of the improvements will commence for any incomplete improvements for which sufficient funds to complete financing for the improvements have been collected
8. The amount of refunds paid
9. Description of each interfund transfer or loan made from the fund, if any

The following fee programs are included in this report:

Section A – Citywide Traffic Impact Fee

## Section A – Citywide Traffic Impact Fee For Fiscal Year Ending June 30, 2022

**Description:** A Traffic Impact Fee is assessed in connection with the issuance of any development permit for development in areas of the City designated by City Council Resolution NS-26,943 on June 28, 2005. In accordance with the General Plan, the Fee shall be used to pay costs associated with the mitigation of traffic impacts attributable to the development that is the subject of the permit. On November 27, 2012 City Council adopted Resolution NS-28,574 rescinding Resolution NS-26,943, combining the Beach/South of Laurel and Citywide areas and revising the Traffic Impact Fee Estimate Form to include new uses and PM peak hour rates. On August 24, 2021 City Council adopted resolution NS-29,865 revising the Traffic Impact Fee per trip rate.

**Amount of Fee:** The Traffic Impact Fee in FY 2022 was defined to be 4,570 per peak hour trip as determined on the Traffic Impact Fee Estimate Form.

**Refund:** The refund amount in FY 2022 was \$0.

Beginning Balance, July 1, 2021	1,943,805 <sup>1</sup>	
<u>Receipts</u>		
Fees Collected	29,876	
Interest Earned	5,550	
Transfer-in	0	
Total	35,426	
		<u>% of Cost Funded</u>
<u>Disbursements</u>		
C400805 – State Route 1/9 Intersection Improv.	(760,911)	13%
Admin Expenses	(115,710)	100%
Total Disbursements	(876,621)	
Ending Balance, June 30, 2022	1,102,610 <sup>2*</sup>	

<sup>1</sup> Beginning fund balance does not include allowance for FV of invest w/City-cur unrstr

<sup>2</sup> Ending fund balance does not include allowance for FV of invest w/City-cur unrstr

\* Ending Available Fund Balance is unaudited and is before consideration of remaining interest accrual