



CITY OF CARSON

Legislation Text

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Report to Mayor and City Council

Tuesday, April 02, 2019
Special Orders of the Day

SUBJECT:

PUBLIC HEARING TO CONSIDER THE FOLLOWING MATTERS RELATING TO THE ESTABLISHMENT OF THE INTERIM DEVELOPMENT IMPACT FEES:

(1) INTRODUCING OF ORDINANCE NO. 19-1931 - AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ADDING ARTICLE XI - INTERIM DEVELOPMENT IMPACT FEES TO THE CARSON MUNICIPAL CODE, ESTABLISHING THE AUTHORITY AND PROCEDURE FOR THE IMPOSITION OF DEVELOPMENT IMPACT FEES;

(2) ADOPTING RESOLUTION NO. 19-068 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ESTABLISHING INTERIM DEVELOPMENT IMPACT FEES AND AMENDING THE COMPREHENSIVE SCHEDULE OF FEES PREVIOUSLY ADOPTED BY RESOLUTION NO. 18-093;

(3) INTRODUCING OF ORDINANCE NO. 19-1927 - AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, REPEALING SECTION 3 OF ORDINANCE NO. 83-647, REPEALING ORDINANCE NOS. 94-1048U AND 94-1048, AND AMENDING ARTICLE IX (PLANNING AND ZONING), CHAPTER 2 (SUBDIVISION REGULATIONS), PART 7 (FEES - DEPOSITS - BONDS) TO DELETE SECTION 9207.19 (PARK AND RECREATIONAL FACILITIES))

I. SUMMARY

As the City experiences economic growth from new development, it is important for the City to plan and provide funds for the current and evolving needs of its population. This City has been facing budgetary challenges and is confronted with inadequate infrastructure. Development impact fees are a commonly used method of collecting a

proportional share of funds from new development for infrastructure improvements and/or other public facilities. Fees collected are restricted to funding capital costs for new facilities or upgrades to existing facilities and are not used for general operations and/or maintenance. These fees also reduce the economic burden on cities managing population growth by requiring new development to pay for eligible capital improvement projects.

The City is considering adopting an Interim Development Impact Fee ("IDIF") Program to fund the following six capital improvement components: (1) Traffic, (2) Parks, (3) Beautification, (4) General Government Facilities, (5) Transportation Infrastructure, and (6) Utilities and Sustainability. The City is in the process of updating its General Plan which is expected to be completed by end of 2020. The City will be starting a new Development Impact Fee report immediately after the General Plan is approved. This report is expected to be released by end of 2021. Therefore, the City needs to adopt the IDIF in order to address the infrastructure needs associated with new developments. To effectuate the IDIF Program, staff recommends the City Council consider the following three legislative steps:

- (1) Ordinance No. 19-1931:** This Ordinance (Exhibit No. 2) effectuates the IDIF Program. The Ordinance relies on the analysis from the IDIF Nexus Study dated March 19, 2019 (Exhibit No. 1), prepared by Kelly Associates Management Group ("KAMG"), which provides the basis for the type of fees collected and include the types of projects to be funded. If adopted, the IDIF program would be in effect until the City updates its General Plan and adopts a more comprehensive and permanent Development Impact Fee program.
- (2) Resolution No. 19-068:** This Resolution (Exhibit No. 3) updates the City's Uniform Comprehensive Schedule of Fees to include the proposed fees under the IDIF Program. Although the IDIF Nexus Study establishes the maximum IDIF amounts that are justifiable based on development impacts on the City's facilities and services, Staff is recommending residential IDIF be adopted at a lower rate to encourage growth and development in the City and assist in providing more affordable housing in the City. The proposed industrial IDIF is \$2.18 and the City has been collecting \$2.00 per square foot for industrial projects that were subject to the moratorium. The proposed IDIF rates are as follows:

FIGURE 1.0A INTERIM DEVELOPMENT IMPACT FEES BY PROJECT TYPE AND FEE CATEGORY				
Project Type	Fee Category	IDIF Study Amount	Staff Recommendation	Percentage Breakdown of IDIF
Hotel	Traffic	\$ 744.14	744.14	101.91%
	Parks	\$ 613.00	613.00	102.76%
	Beautification	\$ 2.38	2.38	101.17%
	General Government Facilities	\$ 17.12	17.12	101.19%
	Transportation Infrastructure	\$ 34.88	34.88	102.43%
	Utilities and Sustainability	\$ 22.01	22.01	101.54%
	TOTAL (PER ROOM)	\$ 1,433.53	1,433.53	100%
Truck Yard	Traffic	\$ 237.95	237.95	100.36%
	Parks	\$ 306.00	306.00	100.33%
	Beautification	\$ 2.38	2.38	100.38%
	General Government Facilities	\$ 17.12	17.12	102.76%
	Transportation Infrastructure	\$ 34.88	34.88	100.62%
	Utilities and Sustainability	\$ 22.01	22.01	100.55%
	TOTAL (PER TRUCK SPACE)	\$ 620.34	620.34	100%
Recreational	Traffic	\$ 3,824.34	3,824.34	100.04%
	Parks	\$ -	-	-0.00%
	Beautification	\$ 2.38	2.38	100.06%
	General Government Facilities	\$ 17.12	17.12	102.44%
	Transportation Infrastructure	\$ 34.88	34.88	100.89%
	Utilities and Sustainability	\$ 22.01	22.01	100.56%
	TOTAL (PER KSF)	\$ 3,900.73 (\$3.90 per sq. ft.)	3,900.73 (\$3.90 per sq. ft.)	100%
Industrial / Business Park	Traffic	\$ 647.87	647.87	100.75%
	Parks	\$ 766.00	766.00	100.17%
	Beautification	\$ 23.87	23.87	101.10%
	General Government Facilities	\$ 171.24	171.24	102.86%
	Transportation Infrastructure	\$ 348.86	348.86	100.02%
	Utilities and Sustainability	\$ 220.18	220.18	100.11%
	TOTAL (PER KSF)	\$ 2,178.02 (\$2.18 per sq. ft.)	2,178.02 (\$2.18 per sq. ft.)	100%
KSF = 1,000 Square Feet				
*Does not include 12% Administration Fee added to Final IDIF Amount				

FIGURE 1.0B INTERIM DEVELOPMENT IMPACT FEES BY PROJECT TYPE AND FEE CATEGORY				
Project Type	Fee Category	IDIF Study Amount	Staff Recommendation *	Percentage Breakdown of IDIF Fees
Residential MFR Studio / Bedroom	Traffic	\$ 540.33	\$ 376.83	3.77%
	Parks	\$ 12,265.00	\$ 8,556.92	85.57%
	Beautification	\$ 47.74	\$ 33.31	0.33%
	General Government Facilities	\$ 342.48	\$ 238.94	2.39%
	Transportation Infrastructure	\$ 697.72	\$ 486.78	4.87%
	Utilities and Sustainability	\$ 440.36	\$ 307.23	3.07%
	TOTAL (PER UNIT)	\$ 14,333.43	\$ 10,000.00	100%
Residential MFR All Other	Traffic	\$ 540.33	\$ 266.15	2.13%
	Parks	\$ 22,077.00	\$ 10,878.35	87.03%
	Beautification	\$ 85.93	\$ 42.34	0.34%
	General Government Facilities	\$ 616.46	\$ 303.76	2.43%
	Transportation Infrastructure	\$ 1,255.89	\$ 618.83	4.95%
	Utilities and Sustainability	\$ 792.64	\$ 390.57	3.12%
	TOTAL (PER UNIT)	\$ 25,368.05	\$ 12,500.00	100%
Commercial	Traffic	\$ 2,293.19	\$ 2,293.19	58.75%
	Parks	\$ 806.00	\$ 806.00	20.65%
	Beautification	\$ 25.12	\$ 25.12	0.64%
	General Government Facilities	\$ 180.25	\$ 180.25	4.62%
	Transportation Infrastructure	\$ 367.22	\$ 367.22	9.41%
	Utilities and Sustainability	\$ 231.77	\$ 231.77	5.94%
	TOTAL (PER KSF)	\$ 3,903.55 (\$3.90 per sq. ft.)	\$ 3,903.55 (\$3.90 per sq. ft.)	100%
Office	Traffic	\$ 1,097.57	\$ 1,097.57	40.53%
	Parks	\$ 806.00	\$ 806.00	29.76%
	Beautification	\$ 25.12	\$ 25.12	0.93%
	General Government Facilities	\$ 180.25	\$ 180.25	6.66%
	Transportation Infrastructure	\$ 367.22	\$ 367.22	13.56%
	Utilities and Sustainability	\$ 231.77	\$ 231.77	8.56%
	TOTAL (PER KSF)	\$ 2,707.93 (\$2.71 per sq. ft.)	\$ 2,707.93 (\$2.71 per sq. ft.)	100%
Dormitory	Traffic	\$ 180.95	\$ 180.95	20.79%
	Parks	\$ 613.00	\$ 613.00	70.43%
	Beautification	\$ 2.38	\$ 2.38	0.27%
	General Government Facilities	\$ 17.12	\$ 17.12	1.97%
	Transportation Infrastructure	\$ 34.88	\$ 34.88	4.01%
	Utilities and Sustainability	\$ 22.01	\$ 22.01	2.53%
	TOTAL (PER BED)	\$ 870.34	\$ 870.34	100%
KSF = 1,000 Square Feet				
*Does not include 12% Administration Fee added to Final IDIF Amount				

(3) Ordinance No. 19-1927. This Ordinance (Exhibit No. 4) deletes the Park and Recreational Facilities Fee from the Carson Municipal Code, also commonly referred to as the “Quimby Ordinance.” Pursuant to the Quimby Act, the Quimby Ordinance authorizes the City to collect a park fee from subdivision development projects. Because the proposed IDIF Program’s Park component will capture the fees required for parks and recreational facilities, Staff is recommending the repeal of the Quimby Ordinance. The Planning Commission concurred with staff’s analysis and is providing the City Council with the same recommendation, as evidenced by PC Resolution No. 19-2664 (Exhibit No. 4a). Furthermore, unlike the Quimby fees, the IDIF Program can capture park fees from multi-family rental projects.

II. RECOMMENDATION

TAKE the following actions:

1. OPEN the public hearing, TAKE public testimony, and CLOSE the public hearing;
2. INTRODUCE and WAIVE the first reading of Ordinance No. 19-1931, “AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ADDING ARTICLE XI - INTERIM DEVELOPMENT IMPACT FEES TO THE CARSON MUNICIPAL CODE, ESTABLISHING THE AUTHORITY AND PROCEDURE FOR THE IMPOSITION OF DEVELOPMENT IMPACT FEES”
3. WAIVE further reading and ADOPT Resolution No. 19-068, “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ESTABLISHING INTERIM DEVELOPMENT IMPACT FEES AND AMENDING THE COMPREHENSIVE SCHEDULE OF FEES PREVIOUSLY ADOPTED BY RESOLUTION NO. 18-093”
4. INTRODUCE and WAIVE the first reading of Ordinance No. 19-1927, “AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, REPEALING SECTION 3 OF ORDINANCE NO. 83-647, REPEALING ORDINANCES NOS. 94-1048U AND 94-1048, AND AMENDING ARTICLE IX (PLANNING AND ZONING), CHAPTER 2 (SUBDIVISION REGULATIONS), PART 7 (FEES - DEPOSITS - BONDS) TO DELETE SECTION 9207.19 (PARK AND RECREATIONAL FACILITIES)”

III. ALTERNATIVES

TAKE any other action the City Council deems appropriate.

IV. BACKGROUND

The City of Carson incorporated in 1968 as a “low property tax” community as conditioned by the County of Los Angeles. Carson receives only 6.74 cents on each property tax dollar collected in the City compared to full property tax cities like Long Beach, which receives

more than five times what Carson receives (35 cents on each property tax dollar) to help fund municipal services and capital improvements. The City's low property tax designation also makes it difficult for Carson to fund maintenance and operations as well as capital improvements needed to serve new growth and development.

The City is facing budget challenges due to a number of factors. On June 20th, 2017, the City adopted Resolution No. 17-079 finding and determining a fiscal crisis pursuant to Article VI, Chapter 11, Section 61104 (e) of the C.M.C. This action was reaffirmed with the Adoption of Resolution No. 17-111 on August 7, 2017. As described in the accompanying staff report (attached here as Exhibit No. 5), the City has been unable to balance its budget, as required by State law, in eight of the last eleven years except by drawing down reserves. The City has reduced and eliminated services. As a result, some service levels are at historic lows.

Due to an influx of new development projects, including, 1,470 multiple family dwelling units; 810,000 square feet of commercial; 68,360 square feet of office; 1,073,280 square feet of industrial/business park; 2,187 truck yard spaces; 247 hotel rooms; 599,000 square feet of recreational development and 300 dormitory rooms, the City must consider strategies for maintaining and improving current services and facilities in response to incoming developments that reflect economic growth but also place demands on City infrastructure and services. Development impact fees are a commonly used strategy in California municipalities. Development impact fees collect a proportional share of funds from new development for infrastructure improvements and/or other public facilities. Development impact fees are one-time charges on new development to either fully or partially recover the estimated reasonable costs of providing the public infrastructure needed to mitigate the impacts of such new development.

Without an IDIF, the City will not be able to sustain its existing level of infrastructure due to the fact that Carson is a very low property tax city, meaning it had no local property rate in the three years preceding the adoption of Prop. 12 in 1978, and therefore, has a permanently small share of the 1% property tax allowed by Prop. 13 as compared to other cities (6.74%); the City's assessed property values have not increased at the same rate as neighboring cities in part due to the heavy industrial presence in the City of petroleum and other industrial and manufacturing uses, resulting in slower property tax revenue growth; Carson also has one of, if not the lowest, utility users tax in the region with a sunset clause; prior to the 1950s the County of Los Angeles allowed cities to incorporate as full property tax cities; Carson incorporated in 1968 and was required to accept low property tax status in order for the County to agree to city formation. Although, many cities use property and utility user's taxes to fund City services, the low tax property tax and low utility user's tax rates in Carson amplify the City's fiscal challenges; and while Carson was long able to rely on redevelopment revenues to fund capital costs in the City, the State's decision to terminate redevelopment, has stripped the City of those revenues.

Although the Mitigation Fee Act (California Government Code Section 66000 et seq.) and the City's current General Plan authorize the City to establish development impact fees, the City has not yet adopted the fees.

KAMG IDIF Study

The City retained Kelly Associates Management Group (KAMG) to serve as the City's IDIF consultant. As mentioned above, KAMG produced the IDIF Nexus Study ("IDIF Study"). The IDIF study acts as the master study that relies on several other studies as the basis of the IDIF fees. For example, the Parks fee component relied on LA County's Park Need Assessment for Carson while the Traffic fee component relied on a specialized traffic engineering study prepared by W. G. Zimmerman Engineering, Inc. ("WGZE Study"). The exact methodology of how these supplemental studies are incorporated is described within the IDIF Study.

The IDIF Study also establishes the "nexus" or linkage between the fees being charged, the impacts of new development, the benefit of the facilities needed to mitigate such impacts, and the proportional cost allocation among different fee categories. The IDIF Study summarizes the nexus for the six capital improvement components: (1) Traffic, (2) Parks, (3) Beautification, (4) General Government Facilities, (5) Transportation Infrastructure, and (6) Utilities and Sustainability.

Furthermore, the IDIF Study also provided a comparison of fees among nearby cities including Signal Hill, Torrance and Long Beach. KAMG's Phase 1 Study and White Paper attached as Exhibit 1.a includes a survey of additional cities. By analyzing surrounding cities' fees, the City can better determine the amount IDIF to charge to not overburden market conditions yet still capture essential revenue to address infrastructure needs.

Figure 1.0C - Comparable Cities DIF Survey					
City	Residential Unit	Commercial 1,000 SF (KSF)	Office / 1,000 SF (KSF)	Industrial 1,000 SF (KSF)	Hotel / motel (room)
Signal Hill (1)	\$27,575.42 - \$36,055.42	\$7,530 - \$10,670	\$1,230	\$750	N/A
Torrance (2)	\$2,427.13	\$5,799.34	\$5,799.34	\$1,347.87 - \$1,954.31	N/A
Long Beach (3)	\$5,602.78	\$6,729 - \$8,229	\$5,883 - \$6,883	\$4,470	N/A
El Segundo (4)	\$15,264 - \$22,936	\$3,157	\$3,704	\$1,750	N/A
Anaheim (5)	\$34,200	\$47,724	\$22,446	\$12,287	\$8,174
Carson IDIF Study	\$14,333.43 - \$25,368.04	\$3,903.55 - (\$3.90 sq. ft)	\$2,707.93 - (\$2.71 sq. ft)	\$2,178.02 - (\$2.18 sq. ft)	\$1,433.53
Carson Staff Recommendation	\$10,000 - \$12,500	\$3,903.55 - (\$3.90 sq. ft)	\$2,707.93 - (\$2.71 sq. ft)	\$2,178.02 - (\$2.18 sq. ft)	\$1,433.53
For each property tax dollar collected: (1) Signal Hill receives 6.78 percent (Source: Email Correspondence and HdL C) (2) Torrance receives 15.06 percent (Source: FY 2017-2018 CAFR) (3) Long Beach receives 35 percent (Source: KAMG IDIF Study) (4) El Segundo receives 6.32 percent (Source: Email Correspondence and HdL C) (5) Anaheim receives 10.85% (Source: FY 2017-2018 CAFR) Carson receives 6.7 percent					

As shown in the Figure 1.0 C above, IDIF Study and staff recommendation is comparable to the surveyed DIF cities. Figure 1.0 C also shows that Cities receiving a lower share of property tax dollars tend to have adopted higher DIF rates as provided in the footnotes.

A. Ordinance No. 19-1931

The attached proposed Ordinance No. 19-1931 will amend the Carson Municipal Code to codify the City's Interim Development Impact Fee Program. Among other provisions, the Ordinance will establish:

- IDIF categories;
- Notice procedures;
- Payment procedures;

- Accounting and reporting requirements;
- Exemptions;
- Credits options; and
- Protest procedures.

1. “Short-Term Interim Development Impact Fee” payors will not be subject to the IDIF.

Prior to tonight’s IDIF program recommendation, the City has been charging development projects a “Short-Term Interim Development Impact Fee” at \$2.00 square foot for industrial, \$807.56 per truck parking space for truck yards, and/or \$10,000 per residential unit in matters which have either been negotiated through Development Agreements and/or had been subject to the City’s Moratorium on certain developments while it studies its General Plan update and DIF. Development projects that paid the Short Term IDIF will not be required to pay be IDIF resulting from Ordinance 19-1931 and Resolution 19-068. Similarly, projects that have City-approved and fully executed Short-Term IDIF Agreements or Development Agreements in place will also be exempted from paying IDIF. All other projects identified in Ordinance No. 19-1931 must pay IDIF including commercial, industrial, office, hotel, truck yards, residential, recreational, and dormitory. Short-Term IDIF received will be used towards the improvements listed in the IDIF Study and converted in proportion to the appropriate fee type category.

2. Projects Subject to IDIF vs. Exempt Projects

As defined by the Ordinance (and below Figure 2.0), the following project types will be subject to IDIF:

FIGURE 2.0 Project Types Subject to Interim Development Impact Fees	
Project Type	Project Threshold
Tenant Improvements	Exempted.
Renovation of Existing Structures (no residential)	Generally exempted unless on-site footprint increase by 10% or more.
Building Additions (non-residential)	On-site building footprint increase by more.
New Business License	Exempted.
New Construction	Required.
Significant Demolition (in relationship site) and Redevelopment	Required.

3. IDIF Credits and Reimbursements

In lieu of paying IDIF, developers also have the option to enter into a credit agreement with the City to construct public facilities listed in the IDIF Study. Credits earned for the construction of public facility can only be applied to the development impact fee category for which the public facility is programmed. For example, a Traffic Fee Credit can only be given for traffic intersection improvement identified in the WGZE Study. Credits cannot be applied to the administrative fee.

Pursuant to the Mitigation Fee Act, developers also have the option to enter into a reimbursement agreement with the City to provide for reimbursement to the developer when the developer constructs public facilities identified in the IDIF Study that the cost of improvements exceeds the development project's IDIF category.

B. Resolution No. 19-068

The Uniform Schedule of Fees was last updated in July 2018, with the adoption of Resolution No. 18-093, following a public hearing on July 17, 2018. This Resolution updates the fee schedule to include IDIF. The final IDIF rates are proposed to be incorporated under Section V. Community Development Subsection F under a newly created Interim Development Impact Fee Category.

1. Description and Calculation of Fees

As mentioned above, the proposed IDIF program consists of six capital improvement components: (1) Traffic, (2) Parks, (3) Beautification, (4) General Government Facilities, (5) Transportation Infrastructure, and (6) Utilities and Sustainability. The proposed IDIFs for each project type and within each component are based on the estimated cost of the public facilities, the use of fees, the development types, and the need for public facilities. The IDIF are to be collected and paid at the time of issuance of building permit. Fees collected must be used for only the type of improvements listed in the IDIF study.

Two of the components-Parks and Traffic-are only necessary due to the required parks and traffic improvements as a result of new development. Therefore, the IDIFs for these two categories are established by attributing to new developments the cost of Parks and Traffic impact mitigation necessitated by the new development.

- (1) The Parks cost was obtained from the Los Angeles Countywide Comprehensive Park & Recreation Needs Assessment analysis of future park costs in Carson. The Park Fee Component provides for the acquisition and development of parks as specified in the Los Angeles Countywide Comprehensive Park & Recreation Needs Assessment (Exhibit No. 1e) and the IDIF Study. These studies analyzed land acquisition and infrastructure costs. The nexus analysis establishes the link between land acquisition and infrastructure costs and the demand for park space

to accommodate future population. A parkland standard ratio of 3.0 acres per 1000 residents was applied. Carson's current parkland ratio is 1.5 per 1,000 while LA County's Average is 3.3 acres per 1000 residents.

The City's proposed Parks IDIF applicable to multi-family residential projects is significantly higher than the Parks IDIFs applicable to other development types in Carson. The difference, however, is based on the City's need to provide services in response to the influx of development, especially residential development, which places greater demands on the City for parks improvements. (Parks maintenance is not covered by development impact fees, but are addressed under the community facilities district matter present to the Council in a separate agenda item.). The IDIF applies to both rental and ownership residential projects.

- (2) The Traffic Fee Component provides for traffic improvements necessary to accommodate the increase in traffic generated by new development, as specified in WGZE Study (Exhibit No. 1c), also referred to as the WGZE Zimmerman Interim Development and Sound-Wall Impact Fee. The nexus between new development and the need for traffic improvements is based on new trips generated from the 23 projects identified on the City of Carson Major Projects List (revised 11/15/18) - 5 Year Projection (Exhibit No. 1b) on 22 intersections City-wide. The study analyzed traffic generated from the list of projects to determine the costs required to bring the level of service of the impacted intersections to current levels.

The remaining four IDIF components-Beautification, General Government Facilities, Transportation Infrastructure, and Utilities and Sustainability-address the extent to which new developments contribute to the need for public facilities and services. Unlike the Parks IDIF and Traffic IDIF, the IDIFs of these four components are determined by attributing to new developments the proportionate cost (as described below) of maintaining the City's existing level of investment in beautification, governmental facilities, transportation infrastructure, and utilities and sustainability as the City grows.

The cost of public facilities was analyzed as a whole before determining the proportional cost attributable to new development. The existing level of investment is calculated per capita based on the existing service population so that the standard can be applied to the additional service population associated with new development. New development will result in additional population and employees (population equivalents) who will require additional public facilities capacity. The five-year growth is based on the City's list of 23 major projects which are projected to add 1,470 multiple family dwelling units; 810,000 sq. of commercial; 68,360 sq. ft. of office; 1,073,280 sq. of industrial/business park; 2,187 truck yard spaces; 247 hotel rooms; 599,000 sq. ft. of recreational development and 300 dormitory rooms.

- (3) Beautification: The Beautification Fee Component provides for the expansion, design and construction of city-wide beautification infrastructure and facilities as specified by the IDIF Study and the Carson Executive Management Team Memo and City of Carson Capital Projects List (Exhibit No. 1f). Improvements include

city-wide monument entry signs, utility box artwork, and wayfinding signage.

- (4) **General Government Facilities:** The General Government Facilities Fee Component provides for the expansion, design and construction of governmental facilities as specified by the IDIF Study and the Carson Executive Management Team Memo and City of Carson Capital Projects List. Improvements include City Hall and the Corporate Yard Facility.
- (5) **Transportation Infrastructure:** The Transportation Infrastructure Fee Component provides for the expansion, design and construction of transportation infrastructure and facilities as specified by the IDIF Study and the Carson Executive Management Team Memo and City of Carson Capital Projects List. Improvements include roads, bridges, public transit, bikeways, and pedestrian walkways.
- (6) **Utilities and Sustainability:** The Utilities and Sustainability Fee Component provides for the expansion, design and construction of utilities and sustainable facilities as specified by the IDIF Study and the Carson Executive Management Team Memo and City of Carson Capital Projects List. Improvements include but are not limited to energy-efficiency improvements, green streets for managing storm water runoff, installation of electric charging station, and solar panels to reduce emissions and greenhouse gases.

2. Nexus Determination

In order to justify the proposed IDIFs above, the Mitigation Fee Act requires the City Council to make certain determinations regarding the reasonable relationships between the IDIFs and the projects. In addition to the IDIF Study, Staff, with KAMG's guidance, presents the following information to assist the City Council with making findings of legal sufficient reasonable relationships:

- (1) **A reasonable relationship exists between the development impact fee use and the type of developments subject to the IDIF.** The IDIFs are one-time charges on new development to either fully or partially recover the estimated reasonable costs of providing the public infrastructure needed to mitigate the impacts of such new development. In the case of Parks IDIF, it is based on the costs of land acquisition and basic improvements to ready the land for park development to provide new parkland at a ratio of 3 acres/1000 additional population or employees equivalent to population. In the case of the Traffic IDIF, it is based on the costs estimates for the specific Traffic Circulation System Improvements needed for the additional traffic related to new development. The IDIFs for Beautification, General Government Facilities, Transportation Infrastructure, and Utilities and Sustainability, are based on new developments' share of the City's estimated cost of each qualified Capital Project. The qualified projects are the City's list minus the projects detailed in the KAMG report as not eligible. The IDIFs can only be used to fund the eligible projects. IDIFs will be used for acquisition, design and development (installation and construction) of public facilities.

- (2) **A reasonable relationship exists between the need for public facilities and the type of development subject to the DIF.** New development will result in additional population and employees (population equivalents) who will require additional public facilities capacity. The five-year growth is based on the City's list of 23 major projects which are projected to add 1,470 multiple family dwelling units; 810,000 square feet of commercial; 68,360 square feet of office; 1,073,280 square feet of industrial/business park; 2,187 truck yard spaces; 247 hotel rooms; 599,000 square feet of recreational development and 300 dormitory rooms. The IDIFs are calculated by development type.
- (3) **A reasonable relationship exists between the fee amount and the cost of public facilities.** The IDIFs are calculated based on the estimated cost of the public facilities. The Parks cost is from the Los Angeles Countywide Comprehensive Park & Recreation Needs Assessment analysis of future park costs in Carson. The Traffic cost is from the WGZE study of the specific needed traffic improvements. Each of these types of improvements, Parks and Traffic are only needed due to new development, and therefore, the IDIFs for these two categories are based on new development paying for the improvements. For the other four categories of IDIFs-Beautification, General Government Facilities, Transportation Infrastructure, and Utilities and Sustainability, new development will have an effect which contributes to the need for the new public facilities. Unlike for the Parks IDIF and Traffic IDIF, new development is not the trigger for these four categories of improvements. Therefore, the costs are spread proportionately between new and existing development based on an estimated level of benefit with new development adding just over 4% to the need for these improvements and receiving just over 4% of the benefit. Therefore, the IDIFs are also based on new development paying just over 4% to the total costs of each of the improvements within these four categories.

C. Ordinance No. 19-1927

If adopted, Ordinance No. 19-1927 would repeal the City's Quimby Ordinance when the City adopts the IDIF Ordinance discussed above. The City would then stop collecting Quimby fees.

Quimby fees are authorized by Government Code Section 66477, commonly referred to as "The Quimby Act." Quimby fees are imposed on residential subdivisions, but not other types of developments. The revenues generated from Quimby fees are inadequate to fund the additional park and recreational facilities necessary to meet the needs of the future population of new high density rental apartment developments. Furthermore, because Quimby fees currently only apply to subdivision projects, which commonly consist of individual homeowners, the developers may pass the additional costs to buyers, resulting in discouraging homeownership in the City.

The following provides the reasons for recommending to repeal the Quimby fees adopting the IDIF to fund park facilities:

- (1) The IDIF would be imposed on new development projects, not just subdivisions.
- (2) The IDIF would capture all multi-family developments regardless of whether they are rentals and ownership units; and therefore, may encourage developers to propose ownership units.
- (3) Expenditure of IDIF collected for parks uses would be limited by the Mitigation Fee Act rather than the Quimby Act.
- (4) Developers of residential subdivisions would only have to pay the IDIF rather than both the IDIF and the Quimby fees.
- (5) The City would not have to separately manage, account for, and report on two separate Parks funding fees.
- (6) Park facilities funding will be shared across all housing project types including high density rental apartment projects.
- (7) Because subdivision projects typically have a larger per person per household, applying the proposed IDIF may result in the City collecting a higher fee to capture the fair share of impacts on park facilities.

V. FISCAL IMPACT

Without further major investments in the City's infrastructure, the City continues to struggle to meet the community's public infrastructure needs. The City's Capital Projects list provide a need for \$6,768,000 for Beautification, \$31,839,600 for Utilities and Sustainability, \$29,735,000 for General Governmental Facilities, and \$65,298,117 for Transportation Infrastructure and Facilities. The WGZE Traffic Study identified a need \$6,469,200 for traffic improvements. Finally, the LA County Study Parks Assessment Needs for Carson identified a need of \$23,465,721 for prioritized projects (non-maintenance). The IDIF Program will help partially offset a proportion of the required amount for eligible capital improvements essential to meeting these needs.

The IDIF Program will ultimately have increased revenues which would be accounted for in a separate restricted fund. Revenues generated will pay for projects specifically listed in the IDIF Study. Pursuant to Government Code Section 66006 (b), the City must prepare within 180 days after the last day of the fiscal Year (December 27th), an annual report containing information development impact fees are spent. The annual reporting requirements listed in the government code are also listed in the Ordinance No. 19-1931.

VI. EXHIBITS

1. Kelly Associates Management Group (KAMG) - Interim Development Impact Fee Study (dated March 19, 2019). (pgs. 16-22)
 - a. KAMG Phase 1 Study and White Paper, dated September 2017. (pgs. 23-68)
 - b. City of Carson Major Projects List (revised 11/15/18) - 5-Year Projection. (pgs. 69

-70)

- c. WGZE Traffic and Sound Wall Impact Fee Study, February 2019. (pgs. 71-490)
 - d. Fiscal Impact Analysis Report, dated March 2019, prepared by NBS Government Finance Group. (pgs. 491-523)
 - e. LA County - Parks Assessment Needs Study for Carson. (pgs. 524-533)
 - f. Carson Executive Management Team Memo and City of Carson Capital Projects List. (pgs. 534-541)
 - g. KAMG Calculation Sheets (pgs. 542-544)
- 2. Ordinance No. 19-1931 (pgs. 545-562)
 - 3. Resolution No. 19-068 (pgs. 563-571)
 - a. Resolution 18-093 (pgs. 572-593)
 - 4. Ordinance No. 19-1927. (pgs. 594-595)
 - a. Planning Commission Resolution No. 19-2664. (pgs. 596-597)
 - b. Quimby Act. (pgs. 598-602)
 - 5. August 07, 2017 Staff Report - Reaffirming Resolution No. 17-079 Declaring a Fiscal Emergency (pgs. 603-621)

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