



# CITY COUNCIL STAFF REPORT



**December 3, 2024**

## **ITEM TITLE**

Annual Report: Fiscal Year 2023-24 Development Impact Fees, the Parkland Acquisition and Development Fee, Trunk Sewer Capital Reserve Fee, and Parking In Lieu Fee

**Report Number:** 24-0295

**Location:** No specific geographic location

**Department:** Development Services

**G.C. § 84308:** No

**Environmental Notice:** The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act (“CEQA”) State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

## **Recommended Action**

Receive the annual report regarding Development Impact Fees, the Parkland Acquisition and Development Fee, Trunk Sewer Capital Reserve Fee, and Parking In Lieu Fee for fiscal year 2023-24.

## **SUMMARY**

California Government Code Section 66000, et seq. requires local agencies assessing Development Impact Fees (“DIFs”) and sewer capacity charges to make available specified financial data to the public each fiscal year. This report satisfies that requirement and has been available in the City Clerk’s Office for public review since November 15, 2024. An equivalent report for the Parkland Acquisition and Development (“PAD”) fees and Parking In Lieu Fees is included in this report for ease of reference and convenience to the public.

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with CEQA and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because the activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

## BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not Applicable

## DISCUSSION

The City of Chula Vista collects several types of fees associated with development including: Development Impact Fees (DIF), Parkland Acquisition and Development (PAD) Fees, Trunk Sewer Capital Reserve Fees, and a Parking In Lieu Fee which were assessed during the fiscal year ending June 30, 2024. The major categories of facilities financed via DIFs include transportation, traffic signals, pedestrian bridges, drainage, sewer, and public facilities.

Development Impact Fees are updated in two manners: 1) Through a comprehensive DIF program review; or 2) a Council-enacted automatic annual adjustment, based upon an appropriate index.

There were no comprehensive DIF updates completed in fiscal year 2023-24 ("FY 2023-24").

In October of 2023, the following automatic index-based annual adjustments went into effect:

<b>Fee Description (Per Single Family Unit)</b>	<b>Previous Amount</b>	<b>Updated Amount (Oct 2023)</b>	<b>Difference</b>
Eastern Transportation DIF ("ETDIF")	\$16,479	\$17,647	\$1,168
Western Transportation DIF ("WTDIF")	\$4,969	\$5,332	\$363
Bayfront DIF ("BFDIF")	\$12,012	\$12,864	\$852
Traffic Signal Fee	\$472	\$482	\$10
Salt Creek Sewer Basin DIF	\$1,681	\$1,800	\$119
Otay Ranch Village 1, 2, 5, & 6 Pedestrian Bridge DIF	\$1,043	\$1,117	\$74
Otay Ranch Village 11 Pedestrian Bridge DIF	\$2,960	\$3,170	\$210
Public Facilities Development Impact Fee ("PFDIF")	\$13,394	\$14,286	\$892
Parkland Acquisition & Development Fee (West of I-805)	\$14,345	\$14,527	\$182
Parkland Acquisition & Development Fee (East of I-805)	\$22,027	\$22,209	\$182
Trunk Sewer Capital Reserve Fee	\$4,361	\$4,671	\$310

Other fees addressed in this report remain at the same rate as the previous fiscal year.

## **DEVELOPMENT IMPACT FEES**

### **Eastern Transportation Development Impact Fee (“ETDIF”)**

The ETDIF fee was established on January 12, 1988, via Ordinance 2251 to finance and coordinate the construction of new transportation facilities are built when needed to serve new development. This fee is applicable to all new development east of Interstate 805. Prior to the program, transportation facilities, (ex. streets and traffic signals) were built by developers in a fragmented fashion. In addition, equity issues arose, as some developers with frontages on large streets were required to improve those streets while other developers with only smaller local street frontages had less improvement requirements. Now, all developers in the eastern portion of Chula Vista pay the same fee per average daily trip (“ADT”) based on the number of vehicle trips generated for a specific land use. The City or the developer on behalf of the City constructs the necessary transportation facilities. If the developer constructs the facilities, they receive a ETDIF fee credit which is then applied towards payment of the required DIF fees for their development at the time of final inspection. The City is in the process of preparing a comprehensive update of the ETDIF.

The ETDIF is subject to an annual index-based adjustment. On October 1, 2023, the fee increased from \$1,647.90 to \$1,764.70 per ADT. The rate per single-family dwelling unit increased from \$16,479 to \$17,647. Detailed FY 2023-24 financial information is presented in Attachment 1, Schedule A of this report.

### **Western Transportation Development Impact Fee (“WTDIF”)**

The WTDIF fee was adopted on March 18, 2008, via Ordinances 3106 through 3110 to finance and coordinate the construction of new transportation facilities in the western neighborhoods of the City. The WTDIF functions similar to the ETDIF, spreading the costs associated with the construction of the facilities equitably among the developing properties within the benefit area. The City is in the process of preparing a comprehensive update of the WTDIF.

The WTDIF is subject to an annual index-based adjustment. On October 1, 2023, the fee increased from \$496.97 to \$532.20 per ADT. The rate per single-family dwelling unit increased from \$4,969 to \$5,322. Detailed FY 2023-24 financial information is presented in Attachment 1, Schedule B of this report.

### **Bayfront Transportation Development Impact Fee (“BFDIF”)**

The BFDIF was adopted on November 18, 2014, via Ordinance 3327 to finance and coordinate the construction of new transportation facilities in the Chula Vista Bayfront area, generally described as properties west of Interstate 5 and between E Street and Naples Street.

The BFDIF is subject to an annual index-based adjustment. On October 1, 2023, the fee increased from \$1,201.25 to \$1,286.42 per ADT. The rate per single-family dwelling unit increased from \$12,012 to \$12,864. Detailed FY 2023-24 financial information is presented in Attachment 1, Schedule C of this report.

### Traffic Signal Fee

The Traffic Signal fee was adopted to finance and facilitate construction of traffic signal improvements required to mitigate increases in traffic volume caused by new development. This citywide fee is assessed per average daily trip generated. The Traffic Signal fee is subject to an annual index-based adjustment. On October 1, 2023, the fee increased from \$47.29 to \$48.22 per ADT. Detailed FY 2023-24 financial information is presented in Attachment 1, Schedule D of this report.

### Poggi Canyon Sewer Basin Development Impact Fee

The Poggi Canyon Sewer Basin fee was adopted to finance and facilitate construction of the Poggi Canyon Trunk Sewer, serving properties within the benefit area. This fee is applicable to the Poggi Canyon Basin. The fee was established at \$400 per Equivalent Dwelling Unit (“EDU”) in 1997. In June 2009, the Poggi Canyon Sewer DIF was updated, and the fee was reduced to \$265 per EDU. The City is in the process of preparing a comprehensive update of the Poggi DIF. The fee remains unchanged since the 2009 action. Detailed FY 2023-24 financial information are presented in Attachment 1, Schedule E of this report.

### Salt Creek Sewer Basin Development Impact Fee

The Salt Creek Sewer Basin fee was adopted to finance and facilitate construction of the Salt Creek Trunk Sewer, serving properties within the benefit area. This fee is applicable to the Salt Creek Sewer Basin, a portion of the Upper Otay Lake Basin north of the Salt Creek Sewer Basin, Wolf Canyon Basin, and a portion of the Lower Otay Lake Basin east of the Salt Creek Sewer Basin.

In July 2015, the City Council considered and approved a comprehensive update of the Salt Creek Sewer Basin DIF. The 2015 action confirmed the existing rate of \$1,330 per EDU and authorized annual index-based updates. The City is in the process of preparing a comprehensive update of the Salt Creek Sewer DIF. An index-based update was implemented on October 1, 2023, increasing the fee from \$1,681 to \$1,800 per EDU. Detailed FY 2023-24 financial information is presented in Attachment 1, Schedule E of this report.

### Otay Ranch Village 1, 2, 5, & 6 Pedestrian Bridge Development Impact Fee

The Otay Ranch Village 1, 2, 5, & 6 Pedestrian Bridge DIF was adopted to finance and facilitate construction of pedestrian bridge facilities that will serve the subject villages. A comprehensive update of the fee program was considered and approved by the City Council in December 2015. The 2015 action reduced the fee from \$1,114 to \$844 per single-family dwelling unit and authorized annual index-based updates. An index-based update was implemented on October 1, 2023, increasing the fee from \$1,043 to \$1,117 per single-family dwelling unit. Detailed FY 2023-24 financial information is presented in Attachment 1, Schedule F of this report.

### Otay Ranch Village 11 Pedestrian Bridge Development Impact Fee

The Otay Ranch Village 11 Pedestrian Bridge DIF was adopted to finance and facilitate construction of four pedestrian bridges in Otay Ranch Village 11. The Village 11 Pedestrian Bridge DIF is subject to an annual index-based adjustment. On October 1, 2023, the fee increased from \$2,960 to \$3,170 per single-family dwelling unit. Detailed FY 2023-24 financial information is presented in Attachment 1, Schedule F.

### Eastern Urban Center (Millenia) Pedestrian Bridge Development Impact Fee

The Eastern Urban Center (Millenia) Pedestrian Bridge DIF was adopted to finance and facilitate construction of the Eastlake Parkway Pedestrian Bridge in the Eastern Urban Center (Millenia) project area. The facility has been constructed. The EUC Pedestrian Bridge DIF was established with an initial rate of \$615.13 per single-family dwelling unit via Ordinance 3273, adopted in August of 2013. Detailed FY 2023-24 financial information is presented in Attachment 1, Schedule F of this report.

### Public Facilities Development Impact Fee (“PFDIF”)

The PFDIF was adopted to finance and facilitate construction of public facilities necessary to serve new development. The fee includes six components. All components are subject to an annual index-based adjustment. On October 1, 2023, the combined fee increased from \$13,394 to \$14,286 per single-family dwelling unit. Detailed FY 2023-24 financial information is presented in Attachment 1, Schedule G of this report.

The components of the PFDIF, including current fees per single family dwelling are as follows:

- Program Administration (\$831) - Administration of the PFDIF program, oversight of expenditures and revenues, preparation of updates, calculation of costs, etc.
- Civic Center Expansion (\$4,180) - Expansion of the Civic Center per the 1989 Civic Center Master Plan to provide sufficient building space and parking needed to serve new development. The Civic Center Master Plan was updated in July 2001 to include impacts of Otay Ranch development. Project phases included the remodel and expansion of City Hall, remodel of the Public Services Building and remodel of the former Police Facility, Community Development and Legislative Buildings, including associated capital expenses.
- Police Facility (\$2,315) - Improvements per the Civic Center Master Plan to provide sufficient building space and associated facilities needed to serve new development. Improvements include construction of a new police facility, upgrading the communications center and installation of new communication consoles. This fee also includes the purchase and installation of a computer-aided dispatch system (“CAD”), Police Records Management System, Mobile Data Terminals, and police vehicles.
- Corporation Yard (\$621) - Relocation of the City’s Public Works Center from the Bayfront area to Maxwell Road. Also includes the purchase of new vehicles and equipment directly attributable to new development and the need to maintain an expanding infrastructure network.
- Libraries (\$2,403) - Improvements include construction of the South Chula Vista Library and future planned libraries and installation of an automated library system. This component is based on the facility needs identified in the Library Master Plan and is applicable to new residential development only.

- Fire Suppression System (\$2,112) - Projects include the relocation of Fire Stations 3 and 4, construction of a fire training tower and classroom, purchase of a brush rig, installation of a radio communications tower and construction of various fire stations in developing areas of the City. This fee currently reflects the nine-station network called for in the 1999 Fire Station Master Plan. This fee also includes the purchase of fire apparatus for new stations, as required to serve new development.
- Recreation Facilities (\$1,824) - Component added in November 2002 to build major recreation facilities required to serve new development such as community centers, gymnasiums, swimming pools, and senior/teen centers. This component is based on the facility needs identified in the Park & Recreation Master Plan and is applicable to new residential development only.

Although the majority of the public facility project costs are borne by new development, it is important to note that some public facility projects contain both a City and new development cost share. The City share often reflects “joint impetus” projects, which are necessitated by growth and non-growth factors and/or the City’s obligation to correct pre-existing space/equipment deficiencies. The PFDIF fees only relate to new development’s cost share for each component.

#### Parkland Acquisition and Development (“PAD”) Fees

The Parkland Acquisition and Development in-lieu fee was adopted by the City to acquire neighborhood and community parkland and to construct parks, including recreational amenities. The acquisition component of the fee is set at \$12,676 for areas east of Interstate 805 and \$4,994 for areas west of Interstate 805, per single-family dwelling unit.

The development component of the fee is applicable citywide and is subject to an annual index-based adjustment. On October 1, 2023, the development component increased from \$9,351 to \$9,533 per single-family dwelling unit. This action increased the combined fee from \$22,027 to \$22,209 and from \$14,345 to \$14,527; for areas east and west of I-805, respectively.

The PAD fee is applicable to new residential development only. In fiscal year 2013-14, the fee requirement for hotel and motel developments was eliminated via Ordinance 2014-3303. Detailed FY 2023-24 financial information is presented in Attachment 2 of this report.

#### Trunk Sewer Capital Reserve Fee (“Sewer Capacity”)

The Trunk Sewer Capital Reserve fee was established in 1985 by Ordinance 2107 to finance all or a portion of the cost to enlarge sewer facilities to enhance efficiency of utilization and/or adequacy of sewer capacity. The fee program was last comprehensively updated in 2014, decreasing the fee per EDU from \$3,478 to \$3,450. The 2014 action also authorized annual index-based updates. An index-based update was implemented on October 1, 2023, increasing the fee from \$4,361 to \$4,671 per EDU. Detailed FY 2023-24 financial information is presented in Attachment 3 of this report.

## Parking In Lieu Fee

Established in 1980, the City's Parking In Lieu Fee program allows for development projects within the City's Downtown Parking District to accommodate a portion of their minimum parking requirements off-site. The method for calculating the Parking In Lieu Fee is provided in Resolution No. 1980-9943, and the calculation is based in part on the fair market value of the land needed to accommodate each parking space. Fees collected under this program are for the construction future parking facilities. Detailed FY 2023-24 financial information is presented in Attachment 4 of this report.

## Interfund Loans

On February 17, 2015, the City Council approved an Interfund Loan Policy (the "Policy"), along with a series of resolutions affirming and consolidating various interfund loans between DIF, PAD, and Trunk Sewer Capital Reserve Funds. Pursuant to the Policy, all interfund loans will accrue interest charges equal to the City's actual pooled cash investment return. During the last fiscal year, staff performed a review of the interest rates to validate the prior year's quarterly interest rates. This review resulted in some corrections that are reflected in the current schedules. Since the interest is variable and changes quarterly, the report will no longer show interest rates as the applicable rate will vary based upon the City's actual investment returns.

## **FY 2023-24 Financial Information**

Detailed FY 2023-24 financial information is presented in the attachments as follows:

- Attachment 1, Schedules A through G, reports the required financial information for all DIFs.
- Attachment 2 reports the required financial information for the Parkland Acquisition and Development fees.
- Attachment 3 reports the required information for the Trunk Sewer Capital Reserve fees.
- Attachment 4 reports the required information for the Parking In Lieu Fee.

The schedules contain the following:

- The amount, description, and purpose of each fee.
- Beginning balance as of July 1, 2023.
- Fees received during the fiscal year ending June 30, 2024.
- Other miscellaneous revenues received during the fiscal year ending June 30, 2024.
- Investment earnings from the cash balances available in each fund or from interfund loans during the fiscal year ending June 30, 2024.
- Expenditures from each of the funds during the fiscal year ending June 30, 2024.
- A description of each capital and non-capital project with expenditures funded entirely or in part by DIF/PAD/Trunk Sewer funds in FY 2023-24 and the percentage of the project funded by this fee through FY 2023-24. More detailed information on capital projects is available in the annual Capital Improvement Program Budget.
- Outstanding balances of interfund loans made from DIF/PAD/Trunk Sewer Capital Reserve funds, as of the end of FY 2023-24.
- Ending balances as of June 30, 2024, for each fund (unaudited).

- Identification of an approximate date by which the construction of public improvements will commence. An updated commencement date if the facility did not start construction when it was project, and the reason for the delay.

### **DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

### **CURRENT-YEAR FISCAL IMPACT**

This is an informational report and there is no current-year fiscal impact associated with accepting or rejecting the report.

### **ONGOING FISCAL IMPACT**

This is an informational report and there is no ongoing fiscal impact associated with accepting or rejecting the report.

### **ATTACHMENTS**

1. Schedules A through G: FY 2023-24 Financial Information for all DIFs
2. FY 2023-24 Financial Information for Park Development and Acquisition Fees
3. FY 2023-24 Financial Information for Trunk Sewer Capital Reserve Fees
4. FY 2023-24 Financial Information for Parking In Lieu Fee

*Staff Contact: Jeremiah Valenzuela, Management Analyst II, Development Services  
Kimberly Elliott, Facilities Financing Manager, Development Services  
Laura C. Black, AICP, Director of Development Services*