



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 11/5/2019	(3) CONTACT/PHONE Wes Drysdale, Administrative Services Manager / (805) 781- 5610	
(4) SUBJECT Hearing to consider 1) receiving and filing the FY 2018-19 Annual Report for the Public Facilities Fees program and 2) submittal of a resolution to amend the Public Facilities Financing Plan and Title 18 (the Public Facilities Fees Ordinance) of the County Code to provide for future public facilities that will be needed from 2019 to 2040; exempt from CEQA. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board of Supervisors: <ol style="list-style-type: none"> 1) Receive and file the FY 2018-19 Annual report for the Public Facilities Fees program; 2) Adopt the attached resolution approving amendments to the Public Facility Financing Plan for Unincorporated Area Facilities, covering the period from 2019 to 2040, imposing changes in fees as determined by the Public Facilities Financing Plan, and amendments to Title 18 of the County Code; 3) Adopt the attached ordinance amendments to the Public Facilities Fees Ordinance, Title 18 of the County Code; and 4) Waive the reading of the ordinance if adopted. 			
(6) FUNDING SOURCE(S) General Fund and PFF Program Fees	(7) CURRENT YEAR FINANCIAL IMPACT See Financial Considerations Section	(8) ANNUAL FINANCIAL IMPACT See Financial Considerations Section	(9) BUDGETED? yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>45 minutes</u>) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input checked="" type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? N/A	(16) AGENDA ITEM HISTORY <input type="checkbox"/> Date <u>10/22/2019</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Zachary A. Lute			
(18) SUPERVISOR DISTRICT(S) All Districts			



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: Wes Drysdale, Administrative Services Manager

VIA: Trevor Keith, Director

DATE: 11/5/2019

SUBJECT: Hearing to consider 1) receiving and filing the FY 2018-19 Annual Report for the Public Facilities Fees program and 2) submittal of a resolution to amend the Public Facilities Financing Plan and Title 18 (the Public Facilities Fees Ordinance) of the County Code to provide for future public facilities that will be needed from 2019 to 2040; exempt from CEQA. All Districts.

RECOMMENDATION

It is recommended that the Board of Supervisors:

- 1) Receive and file the FY 2018-19 Annual report for the Public Facilities Fees program;
- 2) Adopt the attached resolution approving amendments to the Public Facility Financing Plan for Unincorporated Area Facilities, covering the period from 2019 to 2040, imposing changes in fees as determined by the Public Facilities Financing Plan, and amendments to Title 18 of the County Code;
- 3) Adopt the attached ordinance amendments to the Public Facilities Fees Ordinance, Title 18 of the County Code; and
- 4) Waive the reading of the ordinance if adopted.

DISCUSSION

Program Overview

The County's Public Facilities Fees (PFF) Program was originally adopted in 1991. The intent of the program is to ensure that public services continue to be provided to county residents as the population grows. The program includes the Public Facilities Financing Plan (PFFP), which identifies needed capital improvements to accommodate future populations and establishes corresponding fees that are charged to new residential and commercial development to offset impacts. The program establishes fees and associated infrastructure improvements specifically related to general government, fire protection, law enforcement, parks and libraries that will be needed to serve new development and population over a span of 20 years.

State law requires local governments to document the nexus between the imposed fees, the amount of new

development, and the facilities that will be built to accommodate the new development. The fees are used to cover the cost of land acquisition and construction of capital improvements. They cannot be used for staffing or ongoing maintenance of facilities.

The Department of Planning and Building facilitates the program and collects fees on behalf of other applicable County departments. The fees are collected at the time of application for construction permits. The fees are then deposited and distributed to the applicable department and outside agencies with the financial oversight of the County Auditor-Controller and individual departments. This is reflected in both the Annual Review of the program and the Five-Year Review of the program. Attachment 4 - Current PFF Program Fees shows the Current Fee by Type (as adopted by the Board in July 2009).

Program Review

The Public Facilities Financing Plan (PFFP) was last significantly updated in April 2006. Per Board direction, the County hired the firm of David Taussig & Associates (DTA) to assist the County in a comprehensive review of the existing program. The purpose of this review is to determine if changes are needed to the program.

Per Board direction, elements of this review included:

- Preparation of a Comparative Regional Impact Fee Survey (Attachment 6 – Comparative Regional Impact Fee Survey)
- Evaluation as to whether fee changes are needed. This included a comparison of the recommended fee to the fees of the incorporated areas within the county and other comparable counties
- Review of the facility and capital needs required to serve new development in the County
- Development of a list of facilities and equipment needed to serve new development in the county
- Provisions of a fee calculation and analysis that would allow the County to waive fees for certain affordable housing projects. The intent of this project component is to enable the County to waive the development impact fees for certain affordable housing projects in order to encourage development.

Proposed PFFP Summary

DTA has prepared a Development Impact Fee Justification Study (Attachment 5 – Exhibit B Public Facilities Financing Plan update) that evaluated and proposed updates to the development impact fees imposed by the County. The proposed update includes all of the review elements outlined above as well as updates to the study window, updates to economic and growth forecasts and the application of the consultant’s expertise in establishing and reviewing economic impact fees. It is important to note that the updated fee levels reflect new development’s fair share of the costs of facilities required to serve new development. The fee justification study recommends fees in accordance with the costs to maintain existing service levels of public facilities as discussed below.

Along with the proposed changes to the development impact fees shown in Table 1, two other recommended updates are proposed for the Board to consider: 1) future fee adjustments, and 2) exemptions for affordable housing projects.

- (1) Updates to Impact Fees. Funding the projected facilities as listed in the updated PFFP will require an increase in the public facilities fees as shown in Table 1 below and Attachment 7 - Exhibit A Proposed PFF Fees .

TABLE 1

EXISTING PUBLIC FACILITIES FEES					
EXISTING	RESIDENTIAL (per unit)		NON-RESIDENTIAL (per 1000 Sq ')		
Fee Category	Single Family	Multi-Family	Commercial	Office	Industrial
Parks ^A	\$2,303	\$1,753	-	-	-
Sheriff	\$280	\$213	\$226	\$378	\$163
General Gov't	\$533	\$406	\$432	\$719	\$309
Fire ^B	\$1,994	\$902	\$902	\$902	\$902
Library	\$454	\$345	\$143	\$239	\$103
Admin Fee 2.0%	\$111	\$72	\$34	\$45	\$30
Total Fees	\$5,675	\$3,691	\$1,737	\$2,283	\$1,507
PROPOSED PUBLIC FACILITIES FEES					
PROPOSED	RESIDENTIAL (per unit)		NON-RESIDENTIAL (per 1000 Sq ')		
Fee Category	Single Family	Multi-Family	Commercial	Office	Industrial
Parks	\$2,492	\$1,752	-	-	-
Sheriff	\$693	\$482	\$244	\$542	\$174
General Gov't	\$1,038	\$723	\$366	\$812	\$261
Fire	\$2,025	\$1,409	\$714	\$1,584	\$510
Library	\$696	\$499	\$71	\$157	\$51
Admin Fee 2.0%	\$139	\$97	\$28	\$62	\$20
Total Fees	\$7,083	\$4,962	\$1,423	\$3,157	\$1,016
NET DIFFERENCE:	\$1,408	\$1,271	(\$314)	\$874	(\$491)

^A The Parks Public Facilities Fee calculations were intentionally estimated lower than the actual anticipated full costs to implement park development that would meet the countywide standard level of service of 3 acres per 1,000 residents. Staff directed the consultant to use the low end of cost estimates in their calculations because calculating the full costs would result in a fee increase that would substantially impact the Board's other priorities regarding housing affordability. The Parks and Recreation Department often uses PFF and other funds as a match for grant and other funding and would expect to continue this practice in order to fully fund park development necessary to meet the parks and recreation needs of additional county residents. The Board should recognize that the PFF fees contained in the report for Parks will assist in meeting the parks level of service but will not fully fund achieving that level of service without supplemental funding.

^B Existing residential Fire fee assessed per sq' (902/1000 sq '). Proposed residential Fire fee will be assessed per Dwelling Unit.

- (2) Future Fee Adjustments. In order to ensure that fees are adjusted appropriately on an ongoing basis, it is recommended that the fees be automatically adjusted each year based on the Engineering News Record Construction Cost Index. It is recommended that adopting a standard for fee changes to increase or decrease

based on real-world economic indicators would be the most prudent and conservative approach to capturing future increases or decreases in cost and is the recommend approach for future cost indexing.

- (3) Exempting Affordable Housing Projects. The Board has previously expressed interest in reducing the impact of Public Facilities Fees for residential projects that are developed as very low- or low-income (less than or equal to 80% of median income) affordable housing units under the terms specified in Title 22 or Title 23 of County Code. In addition, the Board took action on August 21, 2018 which allows for Public Facilities Fees for all projects to be deferred for final permit, based on certain criteria. It is recommended that the Board exempt very low- or low-income affordable housing units defined as "Affordable," from the payment of all public facilities fees, in order to provide support for affordable housing projects.

Annual Review

Government Code 66000 et seq. establishes the requirements for implementation of development fees and requirements for an annual review. This section of the staff report also satisfies the annual reporting requirements in Title 18. Attachment 8 - FY 2018-19 Annual Report contains a series of spreadsheets that provide the accounts that existed for Fiscal Year 2018-19. The projects identified in the spreadsheets are consistent with those found in the PFFP. The spreadsheets contain an accounting of the funds and the projects for which facilities fees have been collected during the past fiscal year per Title 18 and Government Code 66000 et seq. Projects listed for which there are no expenditures showing in FY 2018-19 have previously committed and unexpended funds.

During FY 2018-19, Public Facilities Fees expended totaled \$883,304. Public Facilities Fees received were \$2,435,606. Account balances for all facilities types total \$13,665,660, with \$10,698,773 available for projects. Similar to what has been provided in previous reports, Attachment 9 – Ten Year Project List contains details of projects for which funds were expended within the last 10 years.

OTHER AGENCY INVOLVEMENT/IMPACT

This staff report was prepared in coordination with County Administrative Office, Parks and Recreation, Library, Sheriff, Cal-Fire, Public Works, County Counsel, the Community Service Districts of Oceano and San Miguel, and the Fire Protection District of Santa Margarita.

FINANCIAL CONSIDERATIONS

Adoption of the updated Public Facilities Financing Plan (Attachment 5 - Exhibit B Public Facilities Financing Plan update) and accompanying amendments to Title 18 will establish a program for financing a portion of government facilities related to parks, fire, general government, sheriff and libraries as outlined in the methodology and appendices of the updated plan. The recommended actions will also modify the existing Public Facility Fees, the changes to which will become effective 60 days following the adoption of the ordinance. Overall, the proposed fees are estimated to generate \$40,445,138 between 2019 and 2040. The indices of Attachment 5 - Exhibit B Public Facilities Financing Plan update provides details on the funding needs for County facilities as well as additional breakdown of the funding that the new fees will generate. Financing of this study was approved as part of adopting the FY 2017-18 recommended budget when the Board approved a Budget Augmentation Request to fund the consultant study. County Counsel has reviewed and approved both the attached resolution and ordinance amendments as to form and legal effect.

RESULTS

The Board action will set the framework for the future of the Public Facilities Fee program and the adopted fees to finance facilities covered by the program as outlined in the appendices included in the updated plan (Attachment 5 – Exhibit B Public Facilities Financing Plan update) will assist in providing new public facilities to accommodate new growth in the unincorporated areas of the county. This is consistent with a livable and well-governed county.

ATTACHMENTS

- 1 Attachment 1 - Title 18 Ordinance revisions (clean copy)
- 2 Attachment 2 - Title 18 Ordinance revisions (showing strikeouts)
- 3 Attachment 3 - Resolution adopting PFF Plan and new fees
- 4 Attachment 4 - Current PFF Program Fees
- 5 Attachment 5 - Exhibit B Public Facilities Financing Plan update (Development Impact Fee Justification Study)
- 6 Attachment 6 - Comparative Regional Impact Fee Survey
- 7 Attachment 7 - Exhibit A Proposed PFF Fees
- 8 Attachment 8 - FY 2018-19 Annual Report
- 9 Attachment 9 - Ten Year Project List
- 10 Attachment 10 – PowerPoint Presentation