

Council/Agency Meeting Held: _____	City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: March 21, 2005	Department ID Number: CS05-013

**CITY OF HUNTINGTON BEACH
REQUEST FOR COUNCIL ACTION**

SUBMITTED TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

SUBMITTED BY: *Penelope Culbreth Graft*
PENELOPE CULBRETH-GRAFT, CITY ADMINISTRATOR

PREPARED BY: JIM B. ENGLE, DIRECTOR, COMMUNITY SERVICES *JBE*

SUBJECT: RECEIVE AND FILE FISCAL YEAR 2003-04 PARK IMPACT FEE ANNUAL REPORT

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue: On November 18, 2002, City Council approved the establishment of a Park Fee to be levied on new commercial, industrial, and residential development other than residential subdivisions. State law requires the preparation of an annual report.

Funding Source: Not applicable.

Recommended Action: Motion to:

Receive and file Fiscal Year 2003-04 Park Impact Fee Annual Report.

Alternative Action(s): Modify report, and direct staff accordingly.

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 CITY CLERK
 CITY OF
 HUNTINGTON BEACH, CA
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E-2

REQUEST FOR COUNCIL ACTION

MEETING DATE: March 21, 2005

DEPARTMENT ID NUMBER: CS05-013

Analysis: On November 18, 2002, City Council approved the establishment of a Park Fee per Section 230.20 of the City's Zoning and Subdivision Ordinance. The fee is levied on new commercial, industrial and residential development other than residential subdivisions. The purpose of the fee is for the development and rehabilitation of the city's park and recreational facilities. The fee is based on square footage and is currently set at \$.86 per square foot for new residential, and \$.23 per square foot for new commercial and industrial development.

According to the reporting requirements of California Government Code 66006, the city must prepare an annual report (Attachment 1) describing the fee, the amount of fees collected and interest earned, and the identification of projects on which the fees are expended. The report is to be made available to the public within 180 days of the close of the fiscal year. The code also specifies that the report must be reviewed by City Council at a regularly scheduled meeting not less than 15 days following its release to the public. In addition, notices of the time and place of the meeting are to be mailed to any interested parties who have filed a written request. The report was released for public review on February 23, 2005 (Attachment 2). No written requests for notification have been received by the City Clerk's Office.

As shown in Section III of the report, \$639,541 in fees were collected during the 2003-04 fiscal year, plus an additional \$23,813 in interest. Expenditures totaled \$425,219 for various park improvements including park leases, Huntington Central Park Sports Complex parking/fencing improvements, park rehabilitation projects, and youth sports grants.

Environmental Status: Not applicable.

Attachment(s):

City Clerk's Page Number	No.	Description
3	1	Park Impact Fee Annual Report – Fiscal Year 2003-04
11	2	Memorandum dated February 23, 2005

RCA Author: **Kuhnke/Engle**

E-2.2

ATTACHMENT #1

E-2.3

**PARK IMPACT FEE ANNUAL REPORT
FISCAL YEAR 2003-2004**

I. BACKGROUND

On November 18, 2002, the City of Huntington Beach passed Emergency Interim Ordinance No. 3594 pertaining to Section 230.20 of Chapter 230 of Title 23 of the City's Zoning and Subdivision Code. The ordinance established a Park Fee to be imposed on the construction of new floor area for all commercial and industrial development, and all residential development not covered by Section 254.08 of the Zoning and Subdivision Ordinance (known as Parkland Dedication pursuant to the Quimby Act). On December 16, 2002, Emergency Ordinance No. 3596 was also approved, along with governing Resolution No. 2002-129.

The purpose of the fee is to assure that the policies and standards for park, open space and recreational facilities contained in the City's General Plan and described in the City of Huntington Beach Park Strategy and Fee Nexus Study (Dec. 2001) and addendum (Sept. 25, 2002) are met. According to ZSO 230.20, the fees are to be paid and calculated according to a schedule adopted by City Council resolution.

II. REPORTING REQUIREMENTS

State law imposes both annual and five-year reporting requirements as a result of its collection of Park Fees. The specific elements to be included in the report include:

- A brief description of the type of fee in the fund account
- The amount of the fee
- The beginning and ending balance
- The amount of fees collected and interest earned
- Identification of each public improvement on which fees are expended
- An identification of the approximate date by which the construction of public improvements will commence if the local agency determines that sufficient funds have been collected to complete the financing on an incomplete building improvement
- A description of each interfund transfer loan made from the fund balance
- The amount of refunds made pursuant to any protests

The annual report is to be made available to the public within 180 days following the close of the fiscal year. It is also to be reviewed by the City Council no less than 15 days after the information is made available to the public at its next regularly scheduled meeting. This year the report will be presented to the City Council on March 21, 2005.

Fee Description:

All Park Fees must be used "to develop and rehabilitate park and recreational facilities within the City to assure the provision of park land and recreational facilities needed to serve such development at established City service levels standards within a reasonable period of time." According to ZSO 254.08 (c), this standard is five acres for each 1,000 residents.

In addition, Park Fees must be used to finance park and recreational facilities and improvements identified in the Capital Improvement Plan as adopted by the City Council on an annual basis as part of the city's budget cycle.

Fee Amount:

Resolution 2002-129 (Attachment 1) sets the fee for new residential development at \$.86 per square foot and \$.23 per square foot for new commercial and industrial development. The fees are paid upon issuance of any building permit or prior to final inspection on new residential development.

Interfund Loans

No park fees were loaned during this reporting period.

Refunds Due to Protests

No refunds were made due to protests during this reporting period.

III. FINANCIAL SUMMARY**Fiscal Year 2003-04 Revenue**

As shown in Attachment 2, the beginning fund balance as of October 1, 2003, was \$669,014. During fiscal year 2003-04, \$639,541 in fees were collected, plus \$23,813 in interest, for a total revenue of \$663,354

Fiscal Year 2004-05 Expenditures

As also shown in Attachment 2, \$425,219 was expended for various park improvement projects and staffing, including park leases, Huntington Central Park Sports Complex parking/fencing improvements, park rehabilitation projects, and youth sports grants.

Ed. 5

RESOLUTION NO. 2002-129 (Repeals Res 6226)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF HUNTINGTON BEACH RELATING TO THE PAYMENT OF A PARK
FEE PURSUANT TO SECTION 230.20 OF THE HUNTINGTON BEACH ZONING AND
SUBDIVISION ORDINANCE

WHEREAS, Section 230.20 of Chapter 230 of Title 23 of the City of Huntington Beach Zoning and Subdivision Ordinance ("City Zoning and Subdivision Code") requires all new commercial and industrial development and all new residential development not covered by Chapter 254 of Title 25, of the City Zoning and Subdivision Code, except for mobile home parks, to pay a park in-lieu fee in accordance with the requirements of Chapter 254 and calculated according to a schedule adopted by City Council resolution; and

The City Council has reviewed a report dated December 2001 entitled "City of Huntington Beach Park Strategy and Fee Nexus Study" (hereinafter "Park Fee Study") and an addendum thereto dated September 25, 2002 (hereinafter "Addendum"), which evaluated the impacts of contemplated future development on existing park and recreational facilities within the City of Huntington Beach. The Park Fee Study and Addendum include an analysis of the need for new park and recreational facilities and improvements required by new development and sets forth the relationship between new development, the needed facilities, and the estimated costs of those improvements; and

The Park Fee Study and Addendum have been available for public inspection and review prior to consideration of this resolution by the City Council after a public hearing.

THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH DOES HEREBY FIND, RESOLVE AND DETERMINE AS FOLLOWS:

SECTION 1. Findings. After review of the Park Fee Study and Addendum, other staff reports, and the testimony and information received on this matter, the City Council makes the following findings:

1. That the purpose of the fee to be paid pursuant to Section 230.20 of Chapter 230 of Title 23 of the City Zoning and Subdivision Code ("Fee") is for the development and rehabilitation of the City's parks and recreational facilities in order to assure that the policies and standards for park, open space and recreational facilities contained in the City's General Plan and described in the Park Fee Study are met.
2. That additional park and recreational facilities will be needed to serve commercial, industrial and residential development within the City subject to Section 230.20 of the City's Zoning and Subdivision Ordinance in order to meet the policies and goals contained in the City's General Plan.
3. That the Fee imposed as a condition of development approval in connection with the construction of new floor area for all commercial, industrial and residential

development projects subject to Section 230.20 of the City Zoning and Subdivision Code, shall be used to develop and rehabilitate park and recreational facilities within the City to assure the provision of park land and recreational facilities needed to serve such development at established City service levels standards within a reasonable period of time.

4. That the Fee hereby imposed is reasonably related to the impacts of new residential, commercial and industrial development because, as determined by the Park Fee Study and the Addendum, future residents will benefit from appropriately planned, and constructed park and recreational facilities. The Fee is reasonably related to the impacts of development on the City's park land and recreational facilities because, and demonstrated by the Fee Study and the Addendum, the type of development subject to the Fee generates increased use of park and recreational facilities throughout the City which necessitates development and rehabilitation of the City's existing park and recreational facilities and acquisition of additional facilities. The Fee proceeds will be used to mitigate these impacts.
5. That there is a reasonable relationship between the amount of the Fee and the portion of the cost of needed park and recreational facilities and/or improvements attributable to new development in the City because the amount of the Fee is based upon the square footage of the proposed development.
6. The fees collected pursuant to this Resolution shall be transferred for deposit into a separate fund from any fees or revenues of the city and all such funds shall be accounted for. The account shall be an interest bearing account and all interest received shall be credited to such account and used solely for purposes of that account. The City shall commit or expend park fees deposited to the account within five years from the date of deposit.

SECTION 2. Definitions. For the purposes of this Chapter, the following terms shall be defined as follows:

- (a) "New development" shall mean the construction of new floor area for a residential, commercial or industrial project;
- (b) "Commercial or Industrial Development Project" shall mean the construction of New Floor area on a lot in any non-residential zoning district of the City;
- (c) "Floor Area" shall mean the area of all floors and levels as defined in the Huntington Beach Building Code;
- (d) "Residential Development Project" shall mean the construction of new Floor Area on a lot in any residential zoning district of the City.

SECTION 3. Fee. For new residential development, the Park Fee shall be equal to \$0.86 per square foot. For each new commercial development, the fee shall be \$ 0.23 per square foot. For each new industrial development, the fee shall be \$ 0.23 per square foot.

SECTION 4. Payment of Fee. The Park Fee shall be charged upon issuance of any Building Permit. A Park Fee imposed on new commercial or industrial development shall be paid upon issuance of a Building Permit. A Park Fee imposed on new residential development shall be paid prior to the final inspection.

SECTION 5. Use of Fee. All fees collected pursuant to Section 230.20 of the City Zoning and Subdivision Code shall be used to finance the park and recreational facilities and improvements identified in the "Park Development and Rehabilitation Capital Improvement Plan" as adopted by the City Council on an annual basis.

SECTION 6. Exemptions. The following development shall be exempt from the payment of fees pursuant to this Section:

1. Development of real property into housing units that are either rented, leased, sold, conveyed or otherwise transferred, at a rental price or purchase price which does not exceed the "affordable housing cost" as defined in Section 50052.5 of the California Health and Safety Code when provided to a "lower income household" as defined in Section 50079.5 of the California Health and Safety Code or "very low income household" as defined in Section 50105 of the California Health and Safety Code, and provided that the applicant executes an agreement, in the form of a deed restriction, second trust deed, or other legally binding and enforceable document acceptable to the City Attorney and binding on the owner and any successor-in-interest to the real property being developed, guaranteeing that all of the units developed on the real property shall be maintained for lower and very low income households whether as units for rent or for sale or transfer, for the lesser of a period of thirty years or the actual life or existence of the structure, including any addition, renovation or remodeling thereto.
2. Reconstruction of any residential, commercial, or industrial development project that is damaged or destroyed as a result of a natural disaster, as declared by the Governor. Any reconstruction of real property, or portion thereof, which is not substantially equivalent to the damaged or destroyed property, shall be deemed to be new construction and only that portion which exceeds substantially equivalent construction to be assessed a fee.

SECTION 7. California Environmental Quality Act. The City Council hereby finds that the adoption of this Resolution is exempt from the California Environmental Quality Act ("CEQA") under Section 15273(a)(4) of the California Code of Regulations, commonly known as the CEQA Guidelines. The City Council finds that this exemption applies because there is no reasonable possibility that the modification of the parkland in-lieu fee could negatively affect the physical environment. To the contrary, the Fees will be collected to mitigate the environmental impacts of new development on the City's park and recreational facilities. Any environmental impacts associated with specific projects that may be undertaken with Fee proceeds will be assessed as each project is formulated. The City Council also hereby finds that the adoption of this Resolution is exempt from CEQA pursuant to the Supplemental Environmental Categorical Exemptions adopted by the City Council pursuant to Resolution No. 4501, which provides that minor amendments to zoning ordinances that do not change the development standards intensity or density are exempt as a Class XX exemption.

SECTION 8. Effective Date. This Resolution shall take effect immediately.

SECTION 9. Resolution No. 6226 is hereby repealed.

SECTION 10. The Park Fee Study and the Addendum are hereby approved and adopted.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the 16th day of December, 2002.

ATTEST:

Connie Brockway
City Clerk

Connie Boardman
Mayor

REVIEWED AND APPROVED:

Ray Palmer
City Administrator

APPROVED AS TO FORM:

Neil Hutton
City Attorney
Dec 11-22-02

INITIATED AND APPROVED:

John B. Eagle
Acting Director of Community Services

**ATTACHMENT 2
Park Impact Fee Annual Financial Summary Statement
11/19/02 to 9/30/04**

Prior Fiscal Year Fund Balance		\$ -	\$ 669,014
Fiscal Year Revenues			
	Fees	657,803	639,541
	Interest and Other	11,211	23,813
	Subtotal	\$ 669,014	\$ 663,354
Fiscal Year Expenses		-	425,219
Fund Balance End of Year		\$ 669,014	\$ 907,149

Fiscal Year 2003-04 Projects:
 Park Leases/Equipment Rental \$ 6,047
 Sports Complex Parking Improvements (i.e. Design/Fencing/Ticket Machines/EIR) \$ 183,513
 Park Rehabilitation/Repairs (i.e. Seeley Park Basketball) \$ 22,918
 Youth Sports Grants Award \$ 156,189 *
 Staffing \$ 56,552
 \$ 425,219

* includes carryover (\$6,189) from prior fiscal year

ATTACHMENT #2

E-2.11.



CITY OF HUNTINGTON BEACH
Community Services Department

To: Honorable Mayor and City Council Members
Via: Penelope Culbreth-Graft, City Administrator
From: Jim B. Engle, Director of Community Services
Date: February 23, 2005
Subject: ***PARK IMPACT FEE ANNUAL REPORT FOR FY 2003-04***

On November 18, 2002, the City Council approved the establishment of a Park Fee per Section 230.20 of the City's Zoning and Subdivision Ordinance. According to reporting requirements of California Government Code 66006, the City must prepare an annual report of these fees and make the report available to the public within 180 days of the close of the fiscal year. The Code also specifies that the report must be reviewed by the City Council not less than 15 days following its release to the public.

The annual report for fiscal year 2003-04 is attached for your preliminary review. It will be officially transmitted for approval at the March 21, 2005, City Council meeting. By way of this transmittal, I am releasing this report for public review. Please feel free to contact me if you should have any questions regarding the attached information.

c.
Bob Beardsley, Acting Assistant City Administrator
Jennifer McGrath, City Attorney
Joan Flynn, City Clerk

JBE:ek

Attachment