



**City of Signal Hill
Annual
Impact Fee Report**

For the Fiscal Year Ending June 30, 2023

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INTRODUCTION AND BACKGROUND

In California, State legislation sets certain legal and procedural parameters for the charging of development impact fees. This legislation was passed as AB 1600 by the California Legislature and is now codified as California Government Code Sections 66000 through 66008 ("Mitigation Fee Act"). This State law went into effect on January 1, 1989.

Requirements for Development Impact Fee Reporting

The Mitigation Fee Act imposes certain accounting and reporting requirements with respect to the fees collected. The fees must be deposited in a special account to avoid comingling the fees with the City's other revenues or funds. Interest on each development fee fund or account must be credited to that fund or account and used only for those purposes for which the fees were collected.

The Mitigation Fee Act also requires any local agency that imposes development impact fees to prepare an annual report and a five-year report that provides specific information about those fees. This annual report has been prepared for the City of Signal Hill for the fiscal year (FY) ended June 30, 2023, in accordance with the provisions of California Government Code Section 66006 (b) and 66001 (d).

Annual Report

California Government Code Section 66006 (b) requires each local agency that imposes Development Impact Fees under the Mitigation Fee Act to prepare an annual report providing specific information about those fees for the previous fiscal year. Specifically, Section 66006 (b) requires that for each separate fund the local agency shall make available to the public the information shown below for the most recent fiscal year.

- 66006 (b) (1) (A): A brief description of the type of fee in the account or fund.
- 66006 (b) (1) (B): The amount of the fees.
- 66006 (b) (1) (C): The beginning (July 1) and ending (June 30) balance of a particular impact fee fund.
- 66006 (b) (1) (D): The amount of the fees collected, and interest earned by fund.
- 66006 (b) (1) (E): An identification of each public improvement upon which fees were expended and the amount of expenditures on each improvement including the total percentage of the cost of the public improvement that was funded with fees.
- 66006 (b) (1) (F): An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement.
- 66006 (b) (1) (G): A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be

expended; and, in the case of an interfund loan, the terms of the loan, including the repayment schedule for the loan, and the rate of interest that the account or fund will receive on the loan.

- 66006 (b) (1) (H): A summary of any refunds made, and their respective amount, due to sufficient funds being collected to complete financing of scheduled public improvements and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

State law requires the City to prepare and make available to the public the above information within 180 days after the last day of each fiscal year. The City Council must review the annual report at a regularly scheduled public meeting not less than fifteen days after the information is made available to the public. This report was filed with the City Clerk's office and available for public review on December 30, 2023.

ANNUAL REPORT

Description of Impact Fee Programs

66006(b)(1)(A) and 66013(d)(1)

The City has three development impact fee programs.

Pursuant to Chapter 21.48 "**Traffic Impact Fee**", all development projects which are not otherwise exempt pursuant to Section [21.04.050](#) shall be required to pay traffic impact fees. Pursuant to the Chapter 21.40 "**Park and Recreation Impact Fee**" under Section 21.40.030 Fee for residential units, the applicant for any development project which results or will result in the construction of a residential housing unit, not otherwise subject to an exemption under this title, shall be required to pay a park and recreation impact fee. Pursuant to Chapter 21.44 "**Water System Impact Fee**", the applicant for any development project which consists totally or in part of commercial/industrial property and the applicant for any development project which includes any residential dwelling units shall be required to pay a water impact fee.

1. **Traffic Impact Fee (SHMC 21.48.010).** The traffic fee is a means by which the city can collect funds for the acquisition, improvement, and expansion of street, parkway, thoroughfare, intersection, and other traffic and circulation improvements. This is intended to authorize the imposition of reasonable fees related to new development so that the burdens of installing public improvements, the need for which is created by certain new development projects and which will benefit certain land in addition to such development projects, will be required to be borne by all of the land so benefited.
2. **Park and Recreation Impact Fee (SHMC 21.40.010).** The park and recreation impact fee is a means by which the city can collect funds for the acquisition, improvement, and expansion of park and recreation facilities. This fee shall be known as the park and recreation impact fee. Pursuant to the City of Signal Hill Municipal Code (SHMC), Chapter 21.40, "Park and Recreation Impact Fees", the applicant for any development project which results or will result in the construction or reconstruction of chargeable space not otherwise subject to an exemption under this title shall be required to pay a park and recreation impact fee. Chargeable space is defined in Section 21.08.030 as follows:

"Chargeable space" means all of the square footage covered and enclosed within the perimeter of a commercial or industrial structure, not including garages, parking structures, outdoor walkways, utility or disposal areas, elevator shafts, or stairways.

3. **Water Impact Fee (SHMC 21.44.010).** The purpose of this chapter is to provide a mechanism by which the city can finance the reasonable costs of constructing new water system facilities made necessary by development projects, through the imposition of water system connection charges. This fee shall be known as the water system connection charge.

Current Impact Fee Schedules

66006(b)(1)(B)

Traffic Impact Fee

The fee in effect during the fiscal year ending June 30, 2023 for Traffic are presented below in accordance with the Signal Hill Municipal Code (SHMC):

SHMC 21.48.040 Calculation of minimum traffic impact fee.

The minimum traffic impact fee (the "Minimum Traffic Impact Fee") established under this chapter shall be calculated in accordance with the provisions of this section as follows:

- A. Residential Uses. Traffic impact fees for residential uses shall be based upon the number of dwelling units and shall be equal to \$581.55 per dwelling unit.
- B. Industrial Uses. Traffic impact fees for industrial uses shall be based upon the chargeable space in square feet of the building and shall be equal to \$0.83 per square foot.
- C. Commercial Uses. Traffic impact fees for commercial uses shall be based upon the chargeable space in square feet of the building and shall be equal to the following:
 1. For high intensity commercial uses, the fee shall be \$6.89 per square foot. "High intensity commercial" shall include discount club, drive-through fast food restaurants, drive-through banks or savings and loans, and other commercial uses determined by the director of community development to be high-traffic generating commercial uses. Generally such uses would be those projected to generate over six p.m. peak hour trips per one thousand square feet.
 2. For office uses, the fee shall be \$1.36 per square foot. "Office," as determined by the director of community development, shall generally include property used exclusively for professional offices, including accounting, architectural, engineering, insurance, legal, medical, dental, optometric and clinical.
 3. For all other commercial uses, the fee shall be \$3.44 per square foot.

SHMC 21.48.050 Alternate traffic impact fee.

A. The minimum traffic impact fee calculated pursuant to Section 21.48.040 is intended to represent the fair and reasonable impact attributable to each new development calculated on a per-foot basis. However, due to variations in the intensity of commercial and industrial uses, it is necessary to provide an alternative method of fee calculation where the intensity of use will generate additional trips beyond those calculated pursuant to Section 21.48.040 to ensure all new development adequately contributes to new transportation improvements. Accordingly, notwithstanding Section 21.48.040, an alternate traffic impact fee of \$573.46 per peak hour trip (the "Alternative Fee") shall apply if the director of public works determines that a particular project's total p.m. peak hour trip generation is fifty percent or more above the p.m. peak hour trip generation which would typically be anticipated for the use. The p.m. peak hour trip generation rates published in the manual shall be used to make the determination. Accordingly, the alternative fee will apply if the p.m. peak hour trip generation rates exceed the following:

1. Industrial Uses. If an industrial project will generate more than 2.16 p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.
2. High Intensity Commercial Uses. If a high intensity commercial project will generate more than 18 p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.

3. Office. If an office project will generate more than 3.51 p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.

4. Commercial Uses. If a commercial project, other than a project determined to be a high intensity commercial or office project, will generate more than nine p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.

5. Mixed Uses. Total project p.m. peak trip generation for mixed use development shall be determined by calculating the trip generation of each use in the project using the trip generation rates established in Section 21.48.040 above.

B. Offset for Transportation Mitigation Measures. In the event the director of public works does determine that the alternative fee applies, the director of public works shall inform the applicant of such determination, the reasons therefor, and the calculation of the alternative fee. The applicant may then propose a transportation mitigation program (the "Mitigation Program"). The mitigation program may include an array of measures to reduce trips, modify trip profiles, alter the means of transportation, promote public transportation, construct, or contribute to additional infrastructure improvements, or other similar measures. The mitigation program must be long term and incorporated in a recorded covenant, agreement, or other agreement in a form approved by the city attorney. The director of public works shall determine the number of peak hour trips that should be credited against the alternative fee due to the implementation of the mitigation program, but in no event shall the fee be reduced below the minimum traffic impact fee.

Park and Recreation Impact Fee

The fee in effect during the fiscal year ending June 30, 2023 for Park and Recreation are presented below in accordance with the Signal Hill Municipal Code (SHMC):

SHMC 21.40.020 Fee for chargeable space.

The applicant for any development project which results or will result in the construction or reconstruction of chargeable space not otherwise subject to an exemption under this title shall be required to pay a park and recreation impact fee of seventy (\$0.75) cents per square foot of chargeable space, payable at the time of the final inspection or certificate of occupancy, whichever is later. This fee shall be adjusted each January from and after its effective date by the amount of increase in the consumer price index, "All Urban Consumers" for the preceding twelve-month period as published by the United States Department of Labor, Bureau of Labor Statistics for the Los Angeles-Anaheim-Riverside metropolitan area, or such other price index deemed approximate by city council in the event such consumer price index is discontinued. The annual adjustment shall be made in connection with the preparation and review of the city's annual budget.

(Ord. 91-06-1100 § 1 (part))

SHMC 21.40.030 Fee for residential units.

A. The applicant for any development project which results or will result in the construction of a residential housing unit, not otherwise subject to an exemption under this title, shall be required to pay a park and recreation impact fee of an amount as follows:

Single-family dwelling unit \$23,553/unit

Multifamily dwelling unit \$16,245/unit

Water System Impact Fee

The fees in effect during the fiscal year ending June 30, 2023 for Water System are presented below in accordance with the Signal Hill Municipal Code (SHMC):

SHMC 21.44.020 Commercial/industrial connection charge.

The applicant for any development project which consists totally or in part of commercial/industrial property shall be required to pay a water system connection charge of three dollars eighty-one (\$3.81) cents per square foot of chargeable space on the commercial/industrial portion at the time an application for utility service is received by the city. This charge represents

the reasonable pro rata share on a per square foot basis of additional water system facilities, and replacement water system facilities required as a result of new commercial/industrial development projects and the cost of obtaining additional water rights to service new commercial/industrial development.

SHMC 21.44.030 Residential connection charge.

A. The applicant for any development project which includes any residential dwelling units shall be required to pay a water system connection charge thereof at the time an application for utility service is received by the city. This charge shall be based upon meter size and capacity, calculated from a proportionate share of the total additional water system facilities attributable to new residential development. This residential connection charge is calculated on the pro rata basis of the cost of providing new water system facilities, the proportionate share of replacement water system facilities caused by new residential development projects, and the cost of obtaining additional water rights to service new residential development.

B. The specific amount of the water connection charge shall be as follows:

Meter Size Connection Charge

5/8"--3/4"	No longer provided for new service requests
1"	\$23,066
1 1/2"	\$45,691
2"	\$73,441
3"	\$146,607
4"	\$229,338
6"	\$458,232
8"	\$733,260

SHMC 21.44.040 Adjustment to water system connection charge.

On an annual basis, and in connection with the preparation and review of the city's annual budget, the commercial/industrial connection charge and the residential connection charge shall be increased by any annual increase in the Construction Cost Index for Los Angeles, or the surrounding area as published in the Engineering News Record. Any further or other adjustments to either the commercial/ industrial connection charge or residential connection charge shall require an engineer's report, public hearing, and findings pursuant to Section 21.18.030.

Annual Financial Summary

Table 1
Annual Financial Summary
Statement of All Impact Fee Programs'
Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ending June 30, 2023

	Fee Program		
	Traffic	Parks &	Water
		Recreation	
Revenues			
Fees	-	-	
Interest	10,580	14,107	2,645
Other			
Total Revenues	10,580	14,107	2,645
Expenditures			
Capital Improvements	79,920	272,413	-
Other			
Total Expenditures	79,920	272,413	-
Revenues over Expenditures	(69,340)	(258,306)	2,645
Beginning Fund Balance	911,291	1,223,915	238,408
Ending Fund Balance	841,951	965,609	241,053

Traffic Impact Fee Fund

The following tables respond to Government Code Section 66006(b)(1)(C), (D), and E for the Traffic Impact Fee Program.

Table 2
Traffic Improvement Impact Fee Fund
Statement of Revenue, Expenditures, Changes in Fund Balance
Five Years, and History of Expenditures
Ending June 30, 2023

	FY 2022/23
Revenues	
Fees	
Interest	10,580
Other	
Total Revenues	<u>10,580</u>
Expenditures	
Capital Improvements	79,920
Other	
Total Expenditures	<u>79,920</u>
Revenues over Expenditures	<u>(69,340)</u>
Beginning Fund Balance	911,291
Ending Fund Balance	<u>841,951</u>

Improvement Name	History of Expenditures		
	FY 2022/23	Total Project Costs	% of Total Project Costs
Willow Street Corridor	74,475.00	200,000	37.24%
Redondo & 20th St Traffic Signal	5,445.20	627,714	0.87%
Total Capital Expenditures	<u>79,920.20</u>		

Park and Recreation Impact Fee Fund

The following tables respond to Government Code Section 66006(b)(1)(C), (D), and (E) for the Park and Recreation Impact Fee Program.

Table 3
Park and Recreation Improvement Impact Fee Fund
Statement of Revenue, Expenditures, Changes in Fund Balance Five Years,
and History of Expenditures
Ending June 30, 2023

	FY 2022/23
Revenues	
Fees	-
Interest	14,107
Other	-
Total Revenues	<u>14,107</u>
Expenditures	
Capital Improvements	272,413
Other	-
Total Expenditures	<u>272,413</u>
Revenues over Expenditures	<u>(258,306)</u>
Beginning Fund Balance	1,223,915
Ending Fund Balance	<u>965,609</u>

Improvement Name
 Heritage Point Park (View Park)
 Hillbrook Park
 Total Capital Expenditures

History of Expenditures		
FY 2022/23	Total Project Costs	% of Total Project Costs
220,971	3,370,000	6.56%
51,443	1,520,000	3.38%
272,413		

Water System Fee Fund

The following tables respond to Government Code Section 66006(b)(1)(C), (D), and (E) and Section 66013(d)(2), (3), and (4)(A) and (B) for the Water System Impact Fee Program.

Table 4
Water System Impact Fee Fund
Statement of Revenue, Expenditures, Changes in Fund Balance
Five Years, and History of Expenditures
Ending June 30, 2023

	FY 2022/23
Revenues	
Fees	-
Interest	2,645
Other	
Total Revenues	<u>2,645</u>
Expenditures	
Capital Improvements	-
Other	
Total Expenditures	<u>-</u>
Revenues over Expenditures	<u>2,645</u>
Beginning Fund Balance	238,408
Ending Fund Balance	<u>241,053</u>

Improvement Name
Total Capital Expenditures

	History of Expenditures		
	FY 2022/23	Total Project Costs	% of Total Project Costs
	-	0.00	

Approximate Date of Construction

66006(b)(1)(F)

Section 66006 (b) (1) (F) of the Mitigation Fee Act requires an identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement. The City has determined that there are seven public improvements for which sufficient funds have been collected to complete financing.

Traffic Impact Fees:

- 1) Willow Street Corridor Design Costs – to improve congestion relief and for major intersection improvement**
 1. Funded with traffic impact fee revenue.
 2. Design Costs began in FY 2021/22 and estimated to be completed by FY 2023/24.
- 2) California and 27th Street - street widening project to improve congestion**
 1. Funded with traffic impact fee revenue and general funds.
 2. Initial design costs started in FY2020/21 and estimated to be completed by FY 2023/24
- 3) Redondo and 20th Traffic Signal – to design new signalized intersection**
 1. Funded with traffic impact fee revenue, MTA Measure M and LACMTA funds.
 2. Project started and estimated to be completed by FY 2023/24.
- 4) Local Roadway Safety Projects (LRSP) – to comply with LRSP's study safety requirements**
 1. Funded with traffic impact fee revenue, Grants and general funds.
 2. Estimated to start in FY 2023-24 and be completed by FY 2025-26.
- 5) City-Wide Street Signs – to update all street signs city-wide**
 1. Funded with traffic impact fee revenues.
 2. Estimated to be completed in FY 2024-25.

Park Development Impact Fees:

- 6) Heritage Point Park (formerly known as View Park) – new city park**
 1. Funded with Park Impact fees, RMC grant funds and Measure W funds
 2. C0mpleted in FY 2022/23
- 7) Reservoir Park – new fence construction**
 1. Funded with Park Impact fees
 2. Estimated to be completed by FY 2023/24
- 8) Hillbrook Park – major park area replacement and renovation**
 1. Funded with Park Impact fees, Measure A, Measure W and General funds.
 2. Estimated to be completed by FY2023/24.
- 9) Civic Center Master Plan – a study to redesign the City's Civic Center campus including the amphitheater**
 1. Funded with Park Impact fees and general funds.
 2. Estimated to be completed by FY 2023-24.

Water Development Impact Fees:

None

Interfund Transfers or Loans

66006(b)(1)(G) and 66013(d)(5)

Section 66006 (b) (1) (G) of the Mitigation Fee Act requires a description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended; and, in the case of an interfund loan, the terms of the loan, including the repayment schedule for the loan, and the rate of interest that the account or fund will receive on the loan.

In the fiscal year ended June 30, 2023, there were no interfund transfers or loans made from any of the impact fee funds.

Summary of Refunds

66006(b)(1)(H)

Section 66006 (b) (1) (H) of the Mitigation Fee Act requires a summary of any refunds made, and their respective amount, due to sufficient funds being collected to complete financing of scheduled public improvements and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

At this time, all fees collected have been earmarked for current or future capital projects necessary to maintain the current levels of service to serve new development.