

**Five-Year
Mitigation Fee Act Report
City of San Clemente
For Fiscal Year 2014-2015 through Fiscal Year 2018-2019**

Government Code Section 66001(d)(1), a provision of the Mitigation Fee Act (Government Code Sections 66000 *et seq.*) provides as follows:

“For the fifth fiscal year following the first deposit (of the development fee) into the account or fund, and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted:

- (A) Identify the purpose to which the fee is to be put.
- (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.
- (C) Identify all sources and amounts of funding anticipated to complete financing in incomplete [sic] improvements identified in paragraph (2) of subdivision (a) [which paragraph (2) states that the improvements may, but need not, be made by reference to a capital improvement plan, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged].
- (D) Designate the approximate dates on which the funding referred to in subparagraph (C) is expected to be deposited into the appropriate account or fund.”

This 5-Year Report covers the 5 fiscal years from FY 2014-2015 through FY 2018-2019.

Each fee program addressed in this Report is addressed in an authorizing provision or provisions of the San Clemente Municipal Code and/or an implementing fee resolution and has been the subject of a detailed study or studies prepared at the time the fee program was instituted (and, in some cases, amended). Such ordinances, resolutions, and prior study(ies) addressed (1) the purpose of the fee, (2) the use to which the fee is to be put, (3) the reasonable relationship between the fee’s use and the type of development project on which the fee is imposed, and (4) the reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed. Each applicable ordinance, resolution, and study (if applicable, as amended) is incorporated into this Report by this reference. The statements in this Report to some extent summarize statements in the ordinance(s), resolution(s), and prior fee study(ies) and should be read consistently therewith.

The following findings are hereby made for those fees that have been in effect for the past five years.

- 1. Identify the purpose to which the fee is to be put.**

- a. *Regional Circulation Financing and Phasing Program (RCFPP)*: The fee is used to fund major roadway improvements to accommodate new development. (See, generally, Municipal Code Chapter 15.60 and related fee resolution(s).) Projects are identified on Exhibit 1, Section (a).
 - b. *Public Safety Construction Fee*: The fee is used to mitigate the impact of new development on the need to provide public safety facilities. (See, generally, Municipal Code Chapter 15.52 and related fee resolution(s).) Projects are identified on Exhibit 1, Section (b).
 - c. *Civic Center Construction Fund Fee*: The fee is used to mitigate the impact of new development on the need to provide public facilities/offices to house municipal staff. (See, generally, Municipal Code Chapter 15.52 and related fee resolution(s).) Projects are identified on Exhibit 1, Section (c).
 - d. *Storm Drain Fee – Other Area (City Infill Development Areas)*: The fee is used to construct master plan storm drain facilities in City Infill Development Areas. (See, generally, Municipal Code Chapter 15.56.) Projects are identified on Exhibit 1, Section (d).
 - e. *Storm Drain Fee – Segunda Deschecha*: The fee is used to construct master plan storm drain facilities in the Prima Deschecha Canada drainage basin. (See, generally, Municipal Code Chapter 15.56.) Projects are identified on Exhibit 1, Section (e).
 - f. *Storm Drain Fee – Prima Deschecha Canada*: The fee is used to construct master plan identified facilities in the Prima Deschecha Canada drainage basin. (See, generally, Municipal Code Chapter 15.56.) Projects are identified on Exhibit 1, Section (f).
 - g. *Storm Drain Fee – Marblehead*: The fee is used to construct master plan identified facilities in Marblehead. (See, generally, Municipal Code Chapter 15.56.) Projects are identified on Exhibit 1, Section (g).
2. **Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.**
- a. *Regional Circulation Financing and Phasing Program (RCFPP)*: Roadway improvements to be funded from the RCFPP and necessary to provide an adequate transportation system are determined by the City Council, based upon recommendations from the City Manager and/or Public Works Department. The Public Works Department is responsible for establishing cost estimates for the planned improvements. Based upon available funding, the City Council prioritizes the construction of specific projects. The fee originally was calculated by dividing the improvement cost estimates for the then-designated roadway improvements to be funded from the RCFPP by the total number of single family, multi-family and non-residential commercial construction units planned to be built within specific benefit zones of the City. Since that time, projects have been added to the RCFPP without increasing the amount of the fee, which has resulted in a situation in which the RCFPP will not be sufficient to completely fund all identified improvements—but there is still a reasonable relationship between the fee and the purpose for which the fee is charged.

- b. *Public Safety Construction Fee:* The fee has been calculated based on the projected need for public safety facilities (police, emergency medical, fire, and other related services) generated by new development occurring in the City since the fees were established. The Public Works Department is responsible for establishing cost estimates for the planned improvements, including land acquisition. The amount of the fee is then calculated by dividing the estimated improvement cost by the number of new residential units and the square footage of planned commercial and industrial space in the City.
 - c. *Civic Center Construction Fund Fee:* The fee has been calculated based on the projected need for civic center facilities generated by new development occurring in the City since the fee was established. The Public Works Department is responsible for establishing cost estimates for the planned improvements, including land acquisition. The amount of the fee is then calculated by dividing the estimate improvement cost by the number of new residential units.
 - d. *Storm Drain Fee – Other Area (City Infill Development Areas):* The fee has been calculated based on the projected need for public storm drain facilities generated by new development in the area of benefit. The Public Works Department is responsible for establishing cost estimates for the planned improvements, including land acquisition. The amount of the fee is then calculated based upon the runoff coefficient for each proposed land use category and the size/acreage of the proposed development.
 - e. *Storm Drain Fee – Segunda Deschecha:* The fee has been calculated based on the projected need for public storm drain facilities generated by new development in the area of benefit. The Public Works Department is responsible for establishing cost estimates for the planned improvements, including land acquisition. The amount of the fee is then calculated based upon the runoff coefficient for each proposed land use category and the size/acreage of the proposed development.
 - f. *Storm Drain Fee – Prima Deschecha Canada:* The fee has been calculated based on the projected need for public storm drain facilities generated by new development in the area of benefit. The Public Works Department is responsible for establishing cost estimates for the planned improvements, including land acquisition. The amount of the fee is then calculated based upon the runoff coefficient for each proposed land use category and the size/acreage of the proposed development.
 - g. *Storm Drain Fee – Marblehead:* The fee has been calculated based on the projected need for public storm drain facilities generated by new development in the area of benefit. The Public Works Department is responsible for establishing cost estimates for the planned improvements, including land acquisition. The amount of the fee is then calculated based upon the runoff coefficient for each proposed land use category and the size/acreage of the proposed development.
3. **Identify all funding sources and amounts of funding anticipated to complete financing of incomplete improvements identified.**

- a. *Regional Circulation Financing and Phasing Program (RCFPP) Improvements:* The source of funding for these improvements is the RCFPP fee. However, the City will solicit financial support from the County of Orange Measure M Initiative and from the Federal Government through Transportation Enhancement Activities to fully fund the identified projects. The amount of funding required for the various improvements at issue is estimated to be \$8.5 million dollars, as detailed in Exhibit 1(a). These estimates will require further analysis of the costs of the improvements and any related land purchases and construction, which fluctuate greatly over time.
- b. *Public Safety Improvements:* The funding source for the public safety facilities is the Public Safety Construction Fee. The amount of funding required for the improvements at issue is estimated to be \$14.9 million dollars, as detailed in Exhibit 1(b). However, these estimates will require further analysis of the costs of the improvements and any related land purchases and construction, which fluctuate greatly over time.
- c. *Civic Center Improvements:* The funding source for the identified facilities is the Civic Center Construction Fund Fee. The City estimates the improvement at issue to cost approximately \$13.5 million dollars, as described in Exhibit 1(c). Due to this high cost, the City will continue to seek alternative funding sources to complete the construction of the Civic Center project which may include the sale of surplus City property or debt financing. The City anticipates needing several million dollars more before being able to complete the improvements.
- d. *Storm Drain Improvements – Other Area (City Infill Development Areas):* The funding source for the identified facilities is the Storm Drain Fee (City Infill Development Areas). The City anticipates needing \$957 thousand dollars before being able to complete the improvements, as detailed in Exhibit 1(d). However, these estimates will require further analysis of the costs of the improvements and any related land purchases and construction, which fluctuate greatly over time.
- e. *Storm Drain Improvements - Segunda Deschecha:* The funding source for the identified facilities and improvements is the Storm Drain Fee – Segunda Deschecha. The City anticipates needing \$650 thousand dollars before being able to complete the improvements, as detailed in Exhibit 1(e). However, these estimates will require further analysis of the costs of the improvements and any related land purchases and construction, which fluctuate greatly over time.
- f. *Storm Drain Improvements – Prima Deschecha Canada:* The funding source for the identified facilities and improvements is the Storm Drain Fee—Prima Deschecha Canada. The City anticipates needing an additional \$785 thousand dollars before being able to complete the improvements, as detailed in Exhibit 1(f). However, these estimates will require further analysis of the costs of the improvements and any related land purchases and construction, which fluctuate greatly over time.
- g. *Storm Drain Improvements – Marblehead:* The funding source for the identified facilities and improvements is the Storm Drain Fee - Marblehead. The City anticipates needing \$380 thousand dollars before being able to complete the improvements, as detailed in Exhibit 1(g). However, these estimates will require further analysis of the costs of the

improvements and any related land purchases and construction, which fluctuate greatly over time.

4. **Designate the approximate dates on which the funding referred to in paragraph 3 is expected to be deposited into the appropriate account or fund.**
 - a. *Regional Circulation Financing and Phasing Program (RCFPP) Improvements:* All fees previously collected already have been deposited into the appropriate fund. Receipt dates for future fees yet to be collected will occur over multiple years as development projects are initiated. The City also has received funding commitments in the past from the County of Orange and from the Federal Government. It is not known when, if any, additional grant money may be received from these agencies. Due to a number of variables, including the uncertainty related to the amount of interest earnings the City will generate on funds previously collected, fluctuations in land values and construction and consultant costs, and the above-mentioned uncertainty regarding when additional development subject to the fee will occur and additional fee revenues will be collected, it is difficult to estimate an approximate date by which the City will have enough funding. Nonetheless, given that the list of projects to be funded with the RCFPP has a higher estimated cost than the amount of fee revenue the City expects to generate, the limited amount of additional development the City anticipates will occur that is subject to payment of the fee, and the uncertainty of other sources of funding, the City does not foresee that it will have enough RCFPP fee revenue to complete as-yet uncompleted RCFPP improvements for approximately 20 or more years. Since that date may change, the City will announce when it has sufficient funding in order to comply with Government Code section 66001(e).
 - b. *Public Safety Improvements:* All fees previously collected already have been deposited into the appropriate fund. Receipt dates for future fees yet to be collected will occur over multiple years as development projects are initiated. Due to a number of variables, including the uncertainty related to the amount of interest earnings the City will generate on funds previously collected, fluctuations in land values and construction and consultant costs, and the above-mentioned uncertainty regarding when additional development subject to the fee will occur and additional fee revenues will be collected, it is difficult to estimate an approximate date by which the City will have enough funding. The City approximates it will have enough funding within 10 years; however, since that date may change, the City will announce when it has sufficient funding in order to comply with Government Code section 66001(e).
 - c. *Civic Center Construction Improvements:* All fees previously collected already have been deposited into the appropriate fund. Receipt dates for future fees yet to be collected will occur over multiple years as development projects are initiated and/or surplus property is declared and sold. Due to a number of variables, including the uncertainty related to the amount of interest earnings the City will generate on funds previously collected, fluctuations in land values and construction and consultant costs, and the above-mentioned uncertainty regarding when additional development subject to the fee will occur and additional fee revenues will be collected, it is difficult to estimate an approximate date by which the City will have enough funding. The City approximates it will have enough funding within 10 years; however, since that date may change, the City will announce when it has sufficient funding in order to comply with Government Code section 66001(e).

- d. *Storm Drain Improvements– Other Area (City Infill Development Areas):* All fees previously collected already have been deposited into the appropriate fund. Receipt dates for future fees yet to be collected will occur over multiple years as development projects are initiated. Due to a number of variables, including the uncertainty related to the amount of interest earnings the City will generate on funds previously collected, fluctuations in land values and construction and consultant costs, and the above-mentioned uncertainty regarding when additional development subject to the fee will occur and additional fee revenues will be collected, it is difficult to estimate an approximate date by which the City will have enough funding. The City approximates it will have enough funding within 20 years; however, since that date may change, the City will announce when it has sufficient funding in order to comply with Government Code section 66001(e).
- e. *Storm Drain Improvements– Segunda Deschecha:* All fees previously collected already have been deposited into the appropriate fund. Receipt dates for future fees yet to be collected will occur over multiple years as development projects are initiated. Due to a number of variables, including the uncertainty related to the amount of interest earnings the City will generate on funds previously collected, fluctuations in land values and construction and consultant costs, and the above-mentioned uncertainty regarding when additional development subject to the fee will occur and additional fee revenues will be collected, it is difficult to estimate an approximate date by which the City will have enough funding. The City approximates it will have enough funding within 20 years; however, since that date may change, the City will announce when it has sufficient funding in order to comply with Government Code section 66001(e).
- f. *Storm Drain Improvements– Prima Deschecha Canada:* All fees previously collected already have been deposited into the appropriate fund. Receipt dates for future fees yet to be collected will occur over multiple years as development projects are initiated. Due to a number of variables, including the uncertainty related to the amount of interest earnings the City will generate on funds previously collected, fluctuations in land values and construction and consultant costs, and the above-mentioned uncertainty regarding when additional development subject to the fee will occur and additional fee revenues will be collected, it is difficult to estimate an approximate date by which the City will have enough funding. The City approximates it will have enough funding within 20 years; however, since that date may change, the City will announce when it has sufficient funding in order to comply with Government Code section 66001(e).
- g. *Storm Drain Improvements– Marblehead:* All fees previously collected already have been deposited into the appropriate fund. Receipt dates for future fees yet to be collected will occur over multiple years as development projects are initiated. Due to a number of variables, including the uncertainty related to the amount of interest earnings the City will generate on funds previously collected, fluctuations in land values and construction and consultant costs, and the above-mentioned uncertainty regarding when additional development subject to the fee will occur and additional fee revenues will be collected, it is difficult to estimate an approximate date by which the City will have enough funding. The City approximates it will have enough funding within 20 years; however, since that date may change, the City will announce when it has sufficient funding in order to comply with Government Code section 66001(e).

Pursuant to Government Code 66001(e), within 180 days of a determination that sufficient funds have been collected, the City will identify an approximate date for the commencement of construction of the uncompleted public improvements/facilities for which the applicable impact fees were collected. However, since the City has *not* yet made that determination for any of the above fees, the City is not designating an approximate date for the commencement of construction at this time.