



Solano County

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Legislation Text

File #: 19-912, **Version:** 1

Accept the FY2018/19 Public Facilities Fee Annual Disclosure; and Accept an update on recent statutory changes regarding Accessory Dwelling Unit impact fees

Published Notice Required? Yes ☒ No ☐
Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

The County Administrator's Office recommends that the Board of Supervisors accept the Annual Disclosure and Review of the Public Facilities Fee as required by Government Code section 66006(b); and Accept an update on recent statutory changes regarding Accessory Dwelling Unit impact fees.

SUMMARY:

The Annual Disclosure and Review of Public Facility Fee (Annual Disclosure) is required by section 66006(b) of the Government Code. This Annual Disclosure is prepared in compliance with the requirements of the code as a coordinated effort with the General Services' Department, the Auditor-Controller's Office and County Counsel.

Accessory Dwelling Units (ADU) have received considerable attention in the past several months driven by the effort to address housing shortages across the State. Recent legislation signed into law by the Governor has resulted in several changes to ADU building standards and more specifically impact fees. These recent changes have a swift implementation timeline, and jurisdictions are rushing to address all necessary updates in the various newly adopted code sections. Effective January 1, 2020 impact fees for ADU's less than 750 square feet must be waived under Government Code section 65852.2. Further any impact fees charged for an ADU of 750 square feet or more shall be charged proportionally in relation to the square footage of the primary dwelling unit. Based on recent Board action, Public Facilities Fee (PFF) rates for ADU's in Solano County are currently set at approximately 49% of the single-family residential fee. This change as approved by the State Legislature will result in potential reductions to PFF rates for ADU's.

In line with the new law, effective January 1, 2020 Solano County will no longer charge PFF on ADU's under 750 square feet. ADU's over 750 square feet will be charged proportionally in relation to the square footage of the primary dwelling unit, up to a maximum fee as currently established in our PFF rate structure of \$4,536. Based on the implementation timeline County staff will continue working to ensure all statutory changes are implemented and will return to your Board in the beginning of the year with updated fee tables if this methodology needs further refinement in accordance with the new laws.

FINANCIAL IMPACT:

Since its inception, the County's Public Facilities Fee (PFF) has provided funding for numerous capital facility projects that enhance the County's ability to respond to the growing needs for public services. This annual review provides an overview of the projects that were identified to receive the PFF in FY2018/19. Disbursements in FY2018/19 totaled \$3.4 million and include a disbursement of \$1.5 million for existing debt service payments, \$1.6 million in transportation improvement as approved by the STA Board, and \$0.3 million to the Vacaville Library District.

In August 2019, the Board received a report on the updated Nexus Analysis for Solano County Public Facilities Fee. A public hearing was conducted and the Board adopted a resolution establishing modified fee amounts based on the Nexus Analysis. The new fee amounts went into effect on October 6, 2019 and included a transportation component (Regional Transportation Impact Fee (RTIF)).

FY2012/13 had collections of \$6,807,528; FY2013/14 had collections of \$4,334,960; FY2014/15 had collections of \$8,111,096; FY2015/16 had collections of \$7,806,204; FY2016/17 collections of \$8,761,328, FY2017/18 had collections of \$ 6,036,215 and FY2018/19 collections were \$9,648,293 which includes \$49,038 (RTIF Part A) and \$1,632,782 (RTIF Part B) for the County and Solano Transportation Authority regional transportation impact fee component.

The costs associated with preparing the agenda item are nominal and absorbed by the department's FY2019/20 Adopted Budget.

DISCUSSION:

Government Code section 66000 et seq., more commonly known as 'the Mitigation Fee Act' or 'Act,' provides for the establishment and collection of the PFF to fund expansion of County facilities to meet growth requirements. In FY1992/93, Solano County adopted the PFF to be collected on new construction in both the incorporated and unincorporated areas of the County. To support this purpose, the County also established a Public Facilities Expenditure Plan. This plan calls for periodic studies of the fee structure and recommendations for expenditures of previously collected and anticipated fees. The PFF is established by findings contained in annual public facilities fee updates as required by the Act. The Act also requires that local agencies that collect PFF evaluate the assumptions that justify the collection of PFF every five years. In FY2019/20, Solano County completed the most recent Nexus Analysis, which provided a comprehensive review and current analysis of the fee program. On August 6, 2019 the Board received a report on the updated Nexus Analysis and adopted a resolution establishing modified fee amounts based on the analysis contained in the report, which became effective October 6, 2019. The current fee amounts are shown in the attached Summary of Solano County Public Facilities Fees.

In order to comply with the Mitigation Fee Act, Government Code section 66006(b) requires an annual review and disclosure of the PFF funds. The disclosure portion of section 66006(b) requires that within 180-days after the last day of the fiscal year, the County shall make available to the public the following information for the prior fiscal year:

- A brief description of the type of fee in the account or fund. *This information is contained in the Description of Solano County PFF (Attachment A).*
- The amount of the fee. *This information is contained in the Solano County Current PFF Rate Summary (Attachment B).*
- The beginning and ending balance of the account or fund. *This information is contained in the PFF Schedule of Collections and Disbursements for FY2018/19 (Attachment C) and the PFF Summary of Agency Balances for FY2018/19 (Attachment D).*
- The amount of the fees collected and the interest earned. Also, if applicable, 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 date on which the loan will be repaid, and the rate of interest that the account of fund will receive on the loan. *This information is also contained in the PFF Schedule of Collections and Disbursements for FY2018/19*

(Attachment C).

- An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees. If applicable, 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, as identified in Government Code, section 66001(a)(2), and the public improvement remains incomplete. *This information is contained in the 180-Day Review of PFF for FY2018/19 (Attachment E).*
- Those components of the PFF that are in a deficit are charged interest. Interest is then apportioned to the other components of the PFF Fund based on their pro rata balance in the Fund.
- The amount of refunds made pursuant to Government Code 66001(e) and any allocations pursuant to Government Code 66001(f). No refunds were made.

The County collects an impact fee on behalf of the Dixon Public Library District (DPLD) for the library component within the DPLD boundaries, and in partnership with the Solano Transportation Authority (STA) for Part B of the regional transportation component. No fee revenue was expended by the Dixon Public Library District. Disbursements totaling \$1,608,295 for transportation improvements as approved by the STA Board occurred in FY2018/19. The STA Board is scheduled to adopt their FY2018/19 Regional Transportation Impact Fee (RTIF) Annual Report (Attachment F) on December 11, 2019. This report provides a summary of the RTIF collected and disbursed in FY2018/19 and the distribution of revenue available toward each RTIF District for eligible regional projects as approved by the STA Board.

In compliance with Government Code section 66006(b)(2), a notice of the time and place of this meeting, including the address where this information may be reviewed, is mailed at least 15-days prior to today's Board meeting to all interested parties who have filed a written request with the Clerk of the Board. Notification was sent to all parties on file and the seven cities located within Solano County and a notice was published in the legal section of the Daily Republic.

ALTERNATIVES:

The Board could choose not to accept the Annual Disclosure. This action is not recommended as the Annual Disclosure is required by the Mitigation Fee Act to provide information to the public concerning collections and expenditures of the Public Facilities Fee. As long as the County collects these fees, this Annual Disclosure will be required. In regard to the statutory changes for fees regarding ADU's, while the newly adopted State code sections regarding ADU fees result in a waiver of the fee for ADU's under 750 square feet, the Board could choose to direct staff to implement a full waiver of PFF for ADU's regardless of square footage.

OTHER AGENCY INVOLVEMENT:

The County Administrator's Office, Auditor-Controller's Office, General Services Department and County Counsel and the STA jointly prepared this annual report. The Auditor-Controller's Office provided the schedule of collections and disbursements, and agency balances (Attachments C and D). General Services, County Library, Resource Management and the Auditor-Controller's Office assisted with the 180-day review of projects receiving PFF during FY2018/19 (Attachment E). The STA provided their FY2018/19 RTIF Annual Report (Attachment F).