



Development Impact Fees Annual Report for Fiscal Year 2021-22

BACKGROUND

In 2005, based on a study completed for the City by MAXIMUS, Inc. and Tischler & Associates, the City Council adopted Resolution No. 2005-17, which established fees to be charged on new development in order to defray all or a portion of the cost of public facilities related to the development project. These fees are known as development impact fees (DIFs) and are permitted pursuant to the California Government Code beginning with Section 66000 (known as the Mitigation Fee Act). Pursuant to that resolution, the City collects impact fees for Police, Fire, Library, and Park facilities. While fees may be adjusted periodically to reflect construction cost increases, the City has not changed its fees since they were first adopted in 2005. The fees for these four categories are as shown in Table A below.

In 2008, the City Council adopted Ordinance 2310, which added Section 4.52 to the National City Municipal Code (NCMC) to establish a transportation development impact fee (TDIF). This fee was adopted to comply with the San Diego Association of Government's (SANDAG's) Regional Transportation Congestion Improvement Program (RTCIP) that requires the City to charge the fee to maintain eligibility for TransNet sales tax funding for transportation projects. SANDAG conducted a region-wide study which serves as the basis for the fee that was initially established at \$2,000 per new residential unit. It is updated annually in accordance with direction provided by SANDAG. As of July 1, 2022, the TDIF is \$2,688.21 per residential unit. No fee is collected for non-residential development. While such a fee is provided for in the NCMC, its imposition has been suspended per section 4.52.090.

REPORTING

Government Code Section 66006 requires that an annual report and five year reports be prepared regarding the collection and use of the DIF fees. Fees collected must be spent in a timely manner. If fees are not spent within a period of 5 years, the report must provide an expenditure plan that justifies keeping revenues for a longer period. This report provides revenue and expenditure information since the inception of the DIFs, fulfills the annual reporting requirements, and addresses future spending plans for the unspent balances.

TABLE A: DEVELOPMENT IMPACT FEE SCHEDULE (non-transportation)

	Facility Type				Total
	Parks & Recreation	Library	Fire/EMS	Police	
Residential	Per Housing Unit				
Single Family	\$858	\$172	\$126	\$318	\$1,474
Multi-Family (4 or greater)	\$692	\$139	\$102	\$257	\$1,190
Mobile Home/Other	\$849	\$139	\$124	\$315	\$1,427
Non-Residential	Per 1,000 Square Feet/Per Room for Hotel				
Com/Shop Ctr 25,000 SF or less			\$1,009	\$2,549	\$3,558
Com/Shop Ctr 25,001 SF - 50,000 SF			\$809	\$2,043	\$2,852
Com/Shop Ctr 50,001 SF - 100,000 SF			\$652	\$1,649	\$2,301
Com/Shop Ctr 100,001 SF - 200,000 SF			\$530	\$1,340	\$1,870
General Office 10,000 SF or less			\$448	\$1,133	\$1,581
General Office 10,001 SF - 25,000 SF			\$400	\$1,012	\$1,412
General Office 25,001 SF - 50,000 SF			\$367	\$929	\$1,296
General Office 50,001 SF - 100,000 SF			\$332	\$840	\$1,172
Business Park			\$282	\$713	\$995
Industrial Park			\$195	\$493	\$688
Warehousing			\$113	\$286	\$399
Manufacturing			\$144	\$366	\$510
Lodging			\$107	\$270	\$377

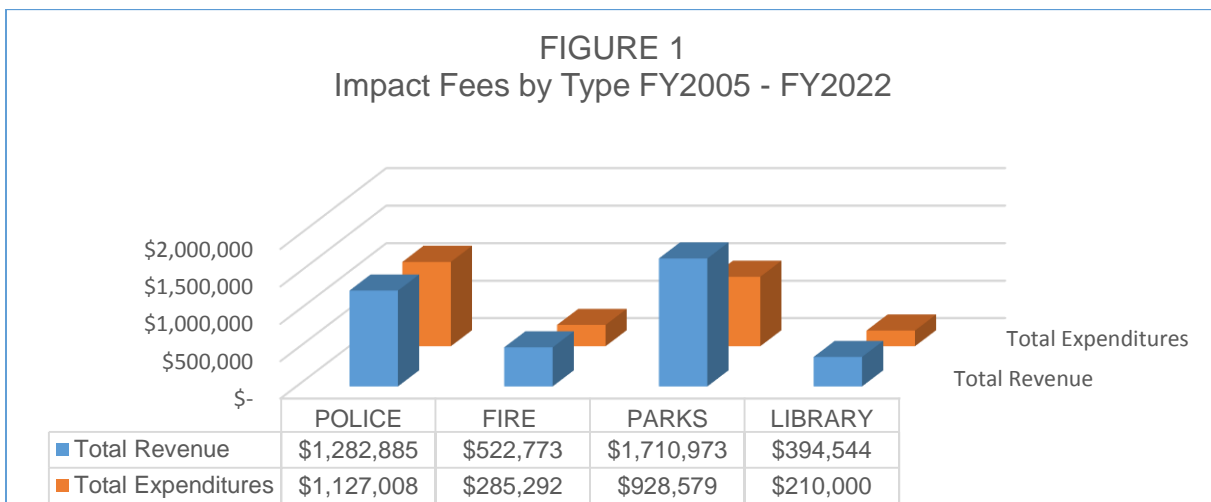
HISTORICAL SUMMARY

Over the last eighteen years, for the four facility types shown in Table A above, the City has collected a combined total of \$3,911,174 in development impact fees of which \$2,550,879 has been spent. A summary of the total amount collected and spent by fiscal year is shown in Table B below followed by a graph (see Figure 1) that summarizes the revenues and expenditures by facility type. Tables C through F below break out the revenues and expenditures by year for those four facility types. The revenues and expenditures by year for the TDIF are shown in Table G below. Ending balances for fiscal year 2021-22 are unaudited.

TABLE B: NATIONAL CITY DEVELOPMENT IMPACT FEES (non-transportation) - SUMMARY

SUMMARY	Beginning Balance	Revenue	Expenditures	Ending Balance	% Spent
FY 2004-05	0.00	174,369.00	0.00	174,369.00	
FY 2005-06	174,369.00	154,490.36	0.00	328,859.36	
FY 2006-07	328,859.36	190,084.36	191,033.99	327,909.73	
FY 2007-08	327,909.73	148,834.00	0.00	476,743.73	
FY 2008-09	476,743.73	139,018.00	0.00	615,761.73	
FY 2009-10	615,761.73	633,499.80	90,000.00	1,159,261.53	
FY 2010-11	1,159,261.53	59,712.20	0.00	1,218,973.73	
FY 2011-12	1,218,973.73	141,374.00	139,299.05	1,221,048.68	
FY 2012-13	1,221,048.68	94,827.00	193,406.38	1,122,469.30	
FY 2013-14	1,122,469.30	56,444.00	39,759.95	1,139,153.35	
FY 2014-15	1,139,153.35	310,408.00	7,386.00	1,442,175.35	
FY 2015-16	1,442,175.35	52,457.20	1,105,060.00	389,572.55	
FY 2016-17	389,572.55	188,141.00	238,174.81	339,538.74	
FY 2017-18	339,538.74	426,242.80	294,289.04	471,492.50	
FY 2018-19	471,492.50	85,196.00	54,223.00	502,465.50	
FY 2019-20	502,465.50	617,415.00	198,247.00	921,633.50	
FY 2020-21	921,633.50	130,566.00	0.00	1,052,199.50	
FY 2021-22	1,052,199.50	308,095.25	0.00	1,360,294.75	
Total		3,911,173.97	2,550,879.22	1,360,294.75	65.2%

FIGURE 1
Impact Fees by Type FY2005 - FY2022



FEE METHODOLOGY

There are three (3) methods that were used to determine the fees collected by the City for the Police, Fire, Parks and Library facilities. Each method requires that the spending of funds received be restricted as follows:

- 1) Plan based Impact fees – used for new facilities that will be needed due to the increase in development.
- 2) Cost recovery Impact fees – used to pay for existing facilities where the new development benefits from the remaining capacity and useful life of the facilities.
- 3) Incremental Expansion Impact fees – used for expanding existing facilities to serve new development

Fees for Police, Fire, Library, and Parks facilities were calculated using one or more of the methods described above depending upon the purpose of the fees.

STATUS OF THE FEE PROGRAM

This section, in the pages that follow, describes by facility type the purpose for the fees, provides a history of revenues and expenditures since inception, describes how the money has been spent, and discusses the plans for future spending.

POLICE IMPACT FEES

All three (3) methods were used to calculate Police impact fees. The purpose for the fees as determined in 2005 was to accumulate funding to assist with the cost of a new police substation in conjunction with a new fire station, recover a portion of the costs associated with the police headquarters building and pay for the incremental addition of police vehicles. Revenue and expenditures are detailed below in Table C:

TABLE C: NATIONAL CITY POLICE DEVELOPMENT IMPACT FEES

POLICE	Beginning Balance	Revenue	Expenditures	Ending Balance	% Spent
FY 2004-05	0.00	37,620.75	0.00	37,620.75	100%
FY 2005-06	37,620.75	35,110.86	0.00	72,731.61	100%
FY 2006-07	72,731.61	90,523.08	0.00	163,254.69	100%
FY 2007-08	163,254.69	64,753.00	0.00	228,007.69	100%
FY 2008-09	228,007.69	60,274.00	0.00	288,281.69	100%
FY 2009-10	288,281.69	179,919.00	0.00	468,200.69	100%
FY 2010-11	468,200.69	25,025.00	0.00	493,225.69	100%
FY 2011-12	493,225.69	49,968.00	115,842.78	427,350.91	100%
FY 2012-13	427,350.91	30,743.00	99,433.87	358,660.04	100%
FY 2013-14	358,660.04	30,080.00	19,261.68	369,478.36	100%
FY 2014-15	369,478.36	76,931.00	3,086.09	443,323.27	100%
FY 2015-16	443,323.27	33,240.20	407,043.05	69,520.42	100%
FY 2016-17	69,520.42	70,196.00	1,146.95	138,569.47	100%
FY 2017-18	138,569.47	162,282.80	282,946.90	17,905.37	100%
FY 2018-19	17,905.37	25,979.00	0.00	43,884.37	100%
FY 2019-20	43,884.37	191,468.00	198,247.00	37,105.37	81%
FY 2020-21	37,105.37	36,899.00	0.00	74,004.37	0%
FY 2021-22	74,004.37	81,871.86	0.00	155,876.23	0%
Total		1,282,884.55	1,127,008.32	155,876.23	87.8%

Revenue received from police impact fees since fiscal year 2004-05 totals \$1,282,885 of which \$1,127,008 has been spent. The current balance in the account is \$155,876, all of which comes from fees collected within the last three fiscal years. The new substation has been on hold. The expectation in 2005 was that bonds would be issued by the City to build a new combination fire station and police substation, but a subsequent downturn in economic conditions dictated that those plans be delayed. Instead, the focus has been on improvements to the Police Department headquarters building and parking structure and the purchase of police vehicles to meet increased service demands. The City will continue to apply the revenues received in this account to similar purposes.

FIRE IMPACT FEES

The plan based and cost recovery methods were used to calculate Fire impact fees. The purpose of the fees was to assist with the funding of the relocation and expansion of Station 34, assist with the cost of a future new fire station and associated apparatus, and because of its citywide benefit, recover a portion of the capital costs related to Station 31. Revenue and expenditure details follow:

TABLE D: NATIONAL CITY FIRE DEVELOPMENT IMPACT FEES

FIRE	Beginning Balance	Revenue	Expenditures	Ending Balance	% Spent
FY 2004-05	0.00	14,933.75	0.00	14,933.75	100%
FY 2005-06	14,933.75	13,906.50	0.00	28,840.25	100%
FY 2006-07	28,840.25	35,910.28	0.00	64,750.53	100%
FY 2007-08	64,750.53	25,663.00	0.00	90,413.53	100%
FY 2008-09	90,413.53	23,867.00	0.00	114,280.53	100%
FY 2009-10	114,280.53	71,297.00	90,000.00	95,577.53	100%
FY 2010-11	95,577.53	13,464.00	0.00	109,041.53	100%
FY 2011-12	109,041.53	19,085.00	15,620.02	112,506.51	100%
FY 2012-13	112,506.51	23,271.00	89,678.76	46,098.75	100%
FY 2013-14	46,098.75	11,909.00	0.00	58,007.75	100%
FY 2014-15	58,007.75	30,514.00	0.00	88,521.75	100%
FY 2015-16	88,521.75	13,037.00	29,561.73	71,997.02	11.3%
FY 2016-17	71,997.02	27,806.00	6,208.27	93,594.75	0.0%
FY 2017-18	93,594.75	63,724.00	0.00	157,318.75	0.0%
FY 2018-19	157,318.75	10,293.00	54,223.00	113,388.75	0.0%
FY 2019-20	113,388.75	76,997.00	0.00	190,385.75	0.0%
FY 2020-21	190,385.75	14,628.00	0.00	205,013.75	0.0%
FY 2021-22	205,013.75	32,467.17	0.00	237,480.92	0.0%
Total		522,772.70	285,291.78	237,480.92	54.6%

Revenue received from fire impact fees totals \$522,773 of which \$285,292 has been spent on items including a fire hydrant, fire apparatus, and the acquisition of a trailer that was being leased for the Station 33 Squad Program that was set up in El Toyon Park to provide faster response times in the north-eastern portion of the City. The current balance in the account is \$237,481, of which \$198,109 is from fees paid over the last five fiscal years and \$39,372 from the two years prior. The plans for a new fire station as envisioned in 2005 have been on hold. The expectation then was that bonds would be issued by the City to build a new combination fire station and police substation, but a subsequent downturn in economic conditions dictated that those plans be put on hold. The City's fiscal year 2022-23 budget allocates \$100,000 in Fire DIF funds towards the design of a new multi-purpose facility in El Toyon Park, to include a fire station, community center and library. Accumulated and future revenues from Development Impact Fees will provide a small portion of the funding for this future facility.

PARKS AND RECREATION IMPACT FEES

The incremental expansion method was used to calculate Parks and Recreation impact fees. The purpose of the fees was to pay for new improvements in existing parks and the expansion of recreation centers to provide additional capacity to accommodate new development. The funds cannot be used for replacement or maintenance of equipment or facilities. Revenue and expenditure details are in Table E below:

TABLE E: NATIONAL CITY PARKS AND RECREATION DEVELOPMENT IMPACT FEES

PARKS	Beginning Balance	Revenue	Expenditures	Ending Balance	% Spent
FY 2004-05	0.00	101,454.75	0.00	101,454.75	100%
FY 2005-06	101,454.75	87,864.00	0.00	189,318.75	100%
FY 2006-07	189,318.75	24,302.00	191,033.99	22,586.76	100%
FY 2007-08	22,586.76	48,658.00	0.00	71,244.76	100%
FY 2008-09	71,244.76	45,714.00	0.00	116,958.76	100%
FY 2009-10	116,958.76	317,848.80	0.00	434,807.56	100%
FY 2010-11	434,807.56	6,363.20	0.00	441,170.76	100%
FY 2011-12	441,170.76	60,230.00	7,836.25	493,564.51	100%
FY 2012-13	493,564.51	33,990.00	4,293.75	523,260.76	100%
FY 2013-14	523,260.76	12,040.00	20,498.27	514,802.49	100%
FY 2014-15	514,802.49	169,014.00	4,299.91	679,516.58	100%
FY 2015-16	679,516.58	5,148.00	458,455.22	226,209.36	100%
FY 2016-17	226,209.36	73,102.00	230,819.59	68,491.77	21.8%
FY 2017-18	68,491.77	166,744.00	11,342.14	223,893.63	0.0%
FY 2018-19	223,893.63	40,744.00	0.00	264,637.63	0.0%
FY 2019-20	264,637.63	290,584.00	0.00	555,221.63	0.0%
FY 2020-21	555,221.63	65,822.00	0.00	621,043.63	0.0%
FY 2021-22	621,043.63	161,349.75	0.00	782,393.38	0.0%
Total		1,710,972.50	928,579.12	782,393.38	54.3%

Since 2005 revenue received from park impact fees totals \$1,710,973 of which \$928,579 has been spent on improvements in El Toyon and Kimball parks. The current balance in the account is \$782,393 of which \$725,244 was received during the last five fiscal years and \$57,150 in the one year prior. The fiscal year 2022-23 budget allocates \$100,000 in Parks DIF funds towards the design of a multi-purpose facility at El Toyon Park to include a fire station, community center and library. The remainder of the funds in this account, along with future receipts, will be used towards the construction of the multi-purpose facility and to make other improvements in the City's parks. The funds are expected to be spent over the next 5 years.

LIBRARY IMPACT FEES

The plan based method was used to calculate Library impact fees. The purpose of the fees was to cover a portion of the costs of the planned construction of a replacement library that was to be twice the size of the then existing library. Outside sources paid for 65% of the construction costs, leaving the City to cover the remaining share for which the City issued general obligation bonds in the amount of \$5,970,000. Revenue and expenditure details are as follows in Table F:

TABLE F: NATIONAL CITY LIBRARY DEVELOPMENT IMPACT FEES

LIBRARY	Beginning Balance	Revenue	Expenditures	Ending Balance	% Spent
FY 2004-05	0.00	20,359.75	0.00	20,359.75	100%
FY 2005-06	20,359.75	17,609.00	0.00	37,968.75	100%
FY 2006-07	37,968.75	39,349.00	0.00	77,317.75	100%
FY 2007-08	77,317.75	9,760.00	0.00	87,077.75	100%
FY 2008-09	87,077.75	9,163.00	0.00	96,240.75	100%
FY 2009-10	96,240.75	64,435.00	0.00	160,675.75	100%
FY 2010-11	160,675.75	14,860.00	0.00	175,535.75	100%
FY 2011-12	175,535.75	12,091.00	0.00	187,626.75	100%
FY 2012-13	187,626.75	6,823.00	0.00	194,449.75	100%
FY 2013-14	194,449.75	2,415.00	0.00	196,864.75	100%
FY 2014-15	196,864.75	33,949.00	0.00	230,813.75	38.7%
FY 2015-16	230,813.75	1,032.00	210,000.00	21,845.75	0.0%
FY 2016-17	21,845.75	17,037.00	0.00	38,882.75	0.0%
FY 2017-18	38,882.75	33,492.00	0.00	72,374.75	0.0%
FY 2018-19	72,374.75	8,180.00	0.00	80,554.75	0.0%
FY 2019-20	80,554.75	58,366.00	0.00	138,920.75	0.0%
FY 2020-21	138,920.75	13,217.00	0.00	152,137.75	0.0%
FY 2021-22	152,137.75	32,406.47	0.00	184,544.22	0.0%
Total		394,544.22	210,000.00	184,544.22	53.2%

Revenue received since inception from Library impact fees totals \$394,544 of which \$210,000 has been spent on a portion of the costs to upgrade the National City Library. The current balance in the account is \$184,544 of which \$145,661 was received during the last five fiscal years and \$38,883 over the three years prior. The upgrades included a new radio-frequency identification book delivery system, additional bookshelves and other enhancements. The City is evaluating projects, such as the multi-purpose facility at El Toyon Park, that will enhance the Library's ability to accommodate a growing number of users over the next five years, but as an alternative, will also be considering applying the revenues collected towards the annual debt service payments on the bonds. Because the bonds were issued as voter approved general obligation bonds, applying the Library DIF revenues to the debt service would reduce the amount of property tax revenues to be collected from property owners in National City.

TRANSPORTATION IMPACT FEES

The purpose of the transportation impact fee is to defray the costs of constructing planned transportation facilities to accommodate increased traffic generated by future development and on improvements that expand capacity on the Regional Arterial System (RAS) as required by the TransNet Regional Transportation Congestion Improvement Program (RTCIP). Eligible projects include such things as road widening, roadway extensions, turning lanes, traffic signal coordination, freeway to arterial interchange improvements, railroad grade separations, and expanded regional express bus and rail transit service. Revenues and expenditures by fiscal year are shown below in Table G:

TABLE G: NATIONAL CITY TRANSPORTATION DEVELOPMENT IMPACT FEES

Transportation	Beginning Balance	Revenue	Expenditures	Ending Balance	% Spent
FY 2008-09	0.00	16,000.00	0.00	16,000.00	100%
FY 2009-10	16,000.00	359,560.00	0.00	375,560.00	100%
FY 2010-11	375,560.00	42,967.78	0.00	418,527.78	100%
FY 2011-12	418,527.78	155,777.41	0.00	574,305.19	100%
FY 2012-13	574,305.19	106,152.06	0.00	680,457.25	100%
FY 2013-14	680,457.25	38,766.64	0.00	719,223.89	100%
FY 2014-15	719,223.89	353,481.76	13,278.79	1,059,426.86	100%
FY 2015-16	1,059,426.86	12,960.14	722,319.26	350,067.74	100%
FY 2016-17	350,067.74	28,145.36	277,680.74	100,532.36	100%
FY 2017-18	100,532.36	498,675.62	115,000.00	484,207.98	23%
FY 2018-19	484,207.98	154,616.42	101,194.84	537,629.56	0.0%
FY 2019-20	537,629.56	1,078,973.70	0.00	1,616,603.26	0.0%
FY 2020-21	1,616,603.26	155,409.86	0.00	1,772,013.12	0.0%
FY 2021-22	1,772,013.12	228,508.65	0.00	2,000,521.77	0.0%
Total		3,229,995.40	1,229,473.63	2,000,521.77	38.1%

Revenue received since inception from transportation impact fees totals \$3,229,995 of which \$1,229,473 has been spent on the widening of Plaza Boulevard. The current balance in the account is \$2,000,522, all of which has been received during the last five years. The City's budget for fiscal year 2022-23 allocates \$1,000,000 of the TDIF balance towards the "Mobility Enhancements" project, which includes upgrades and modifications to traffic signals and related infrastructure to enhance mobility and operations. The remaining balance in this fund along with future receipts will be programmed to continue to address mobility efficiency along major transportation corridors and as needs arise in conjunction with new development in National City.