



Report to City Council

TO: Mayor and City Council

FROM: Marshall Eyerman, Chief Financial Officer

AGENDA DATE: November 20, 2018

TITLE: RECEIVE THE ANNUAL AB1600 COMPLIANCE REPORT FOR FISCAL YEAR 2017-18

RECOMMENDED ACTION

Recommendations:

1. Receive and file the Annual AB 1600 Compliance Report for FY 2017-18 in compliance with California Government Code 66006.
2. Approve the finding that staff has demonstrated a continuing need to hold unexpended Development Impact Fees.

SUMMARY

Government Code Section 66006 requires cities that impose impact fees to render an annual accounting of the fees and to provide findings that support the retention of any fees that have been held in excess of five years and remain unexpended or have not been committed to projects. The City has no Development Impact Fees (DIF) that are unexpended and uncommitted for a period of five years or more. The information included in this staff report is provided to comply with State law.

DISCUSSION

Government Code Section 66006 requires cities imposing impact fees to undertake an annual accounting of such fees within 180 days of the fiscal year end that the accounting be made available for public review. The accounting must provide the beginning and ending balances for the fiscal year, receipts, disbursements, interest earned and any other income that was received. The report must also include a description of how the fees were expended during the past year. If fees are unexpended, whether committed or uncommitted for a period of five or more years, the report must include a finding regarding the continuing need for the fees. If a continuing

need cannot be shown, State law requires that the City refund the unused, uncommitted fees. The City's report contains no such instances of Development Impact Fees that remain unexpended and uncommitted.

The attached Annual AB 1600 Compliance Report is for the fiscal year ended June 30, 2018 and has been prepared in compliance with the California Government Code Section 66006 regarding the annual accounting for impact fees. The accounting was completed and the required information was made available to the public within the required time frame of 180 days subsequent to fiscal year end. The report has been on file in the City Clerk's office since November 1, 2018, and available for public review which is also in compliance in with state law requiring that the report be made available at least 15 days prior to being considered by the City Council,

On April 17, 2018, the City Council approved Resolution 2018-21 which amended short-term loans from the General Fund to address negative cash balances in the Police (\$4,756,000) and the Animal Shelter (\$53,000) DIF funds. The loan agreement calls for repayment by June 30, 2019 or, if the funds are not repaid, the issue is to be reconsidered by the City Council.

This report does not include any findings that require the return of unexpended or uncommitted DIF fees. This report does make a finding for continuing to hold previously collected development impact fees since all funds collected and held by the City as of June 30, 2018, within each of the 13 respective Development Impact Fee funds, have been designated for specific capital projects, consistent with the Development Impact Fee Study Final Report approved by the City Council on December 11, 2012, and the Capital Improvement Plan approved by the City Council on June 20, 2017.

Interest earnings attributable to the DIF funds totaled \$248,492 for the year.

The recommended action supports the Infrastructure priorities included in the Momentum Moval Strategic Plan.

ALTERNATIVES

The following alternatives are available to the City Council:

1. Approve and accept the Annual AB 1600 Compliance Report for FY 2017-18 in compliance with California Government Code Section 66006 and approve the finding that staff has demonstrated a continuing need to hold unexpended Development Impact Fees. *Staff recommends this alternative to comply with the reporting requirements of the California Government Code.*
2. Approve and accept the Annual AB 1600 Compliance Report for FY 2017-18 in compliance with California Government Code Section 66006 but reject the finding that staff has demonstrated a continuing need to hold unexpended Development Impact Fees. *Staff does not recommend this alternative in that this action could result in the need to refund unexpended fees such that projects and*

debt service intended to be funded through these fees would be left without a funding source.

FISCAL IMPACT

There is no fiscal impact resulting from the recommended action; the information included in the staff report is provided to comply with State law.

NOTIFICATION

Publication of the agenda. The Annual AB 1600 Compliance Report for FY 2017-18 at June 30, 2018, was made available for public review in the City Clerk's Office on November 1, 2018.

PREPARATION OF STAFF REPORT

Prepared By:
Brooke McKinney
Treasury Operations Division Manager

Department Head Approval:
Marshall Eyerman
Chief Financial Officer

CITY COUNCIL GOALS

Revenue Diversification and Preservation. Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

CITY COUNCIL STRATEGIC PRIORITIES

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure
5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

ATTACHMENTS

1. Annual AB 1600 Compliance Report FY 2018

APPROVALS

City of Moreno Valley

Annual AB 1600
Compliance Report

For the Fiscal Year Ended
June 30, 2018



**City of Moreno Valley
Annual AB1600 Compliance Report
For the Fiscal Year Ended June 30, 2018**

Pursuant to Government Code Section 66006, the following report on the receipt, use and retention of development impact fees for fiscal year ended June 30, 2018 is hereby presented to the City Council for review and approval.

Fund Number / Fund Name	Beginning Fund Balance July 1, 2017	Receipts	Disbursements	Transfers In	Interest Earnings	Ending Fund Balance June 30, 2018
2901 Arterial Streets Development Impact Fee	\$ 873,607	\$ 731,055	\$ (1,298,000)	\$ 1,058,000	\$ 15,666	\$ 1,380,328
2902 Traffic Signal Development Impact Fee	\$ 204,359	\$ 383,936	\$ -	\$ -	\$ 3,285	\$ 591,580
2903 Fire Facility Development Impact Fee	\$ 1,471,434	\$ 899,799	\$ (243,000)	\$ -	\$ 25,058	\$ 2,153,291
2904 Police Facility Development Impact Fee	\$ (4,265,947)	\$ 444,437	\$ (641,000)	\$ -	\$ -	\$ (4,462,510)
2905 Parkland Facilities Development Impact Fee	\$ 3,706,429	\$ 265,079	\$ -	\$ -	\$ 60,884	\$ 4,032,392
2907 Recreation Center Development Impact Fee	\$ 157,625	\$ 345,701	\$ -	\$ -	\$ -	\$ 503,326
2908 Libraries Development Impact Fee	\$ 4,670,162	\$ 163,356	\$ (750,000)	\$ -	\$ 67,587	\$ 4,151,105
2909 City Hall Development Impact Fee	\$ 2,760,692	\$ 165,210	\$ (5,000)	\$ -	\$ 43,776	\$ 2,964,678
2910 Corporate Yard Development Impact Fee	\$ 428,027	\$ 499,422	\$ -	\$ -	\$ 9,806	\$ 937,255
2911 Interchange Improvements Development Impact Fee	\$ 1,109,622	\$ 550,596	\$ (1,258,146)	\$ -	\$ 14,197	\$ 416,269
2912 Maintenance Equipment Development Impact Fee	\$ 489,571	\$ 139,797	\$ -	\$ -	\$ 8,233	\$ 637,601
2913 Animal Shelter Development Impact Fee	\$ (86,794)	\$ 98,094	\$ -	\$ -	\$ -	\$ 11,300
2914 Administration Development Impact Fee	\$ 178,432	\$ 117,154	\$ (10,000)	\$ -	\$ -	\$ 285,586

The reservation of Fund Balance and disbursement information for each of the above funds is as follows:

Fund 2901 - Arterial Streets Development Impact Fee

<u>Disbursements:</u>		<u>% Funded by Impact Fees</u>
Debt Service – 2013 Refunding Lease Revenue Bonds Current Year	630,000	100%
Debt Service – 2014 Refunding Lease Revenue Bonds Current Year	428,000	100%
Heacock St/Reche Vista Dr to Myers and Atwood Ave to Cactus Ave	65,000	100%
Indian St/Cardinal Ave Bridge (Over Lateral A)	175,000	100%
	<u>\$ 1,298,000</u>	
 <u>Fund Balance Designations:</u>		
Existing Debt Service and Future Arterial Streets Development	<u>\$ 1,380,328</u>	
Unreserved Fund Balance	None	
Funds unexpended or uncommitted for five years or more	None	

Fund 2902 - Traffic Signal Development Impact Fee

<u>Disbursements:</u>		<u>% Funded by Impact Fees</u>
No Disbursements	0	0%
	<u>\$ -</u>	
 <u>Fund Balance Designations:</u>		
Future Traffic Signal Development	<u>\$ 591,580</u>	
Unreserved Fund Balance	None	
Funds unexpended or uncommitted for five years or more	None	

Fund 2903 - Fire Facility Development Impact Fees

<u>Disbursements:</u>		<u>% Funded by Impact Fees</u>
Debt Service – 2013 Refunding Lease Revenue Bonds	144,000	100%
Debt Service – 2014 Refunding Lease Revenue Bonds	99,000	100%
	<u>\$ 243,000</u>	
 <u>Fund Balance Designations:</u>		
Future Fire Facility	<u>\$ 2,153,291</u>	
Unreserved Fund Balance	None	
Funds unexpended or uncommitted for five years or more	None	

Fund 2904 - Police Facility Development Impact Fee

<u>Disbursements:</u>		<u>% Funded by Impact Fees</u>
Debt Service – 2013 Refunding Lease Revenue Bonds	382,000	100%
Debt Service – 2014 Refunding Lease Revenue Bonds	259,000	100%
	<u>\$ 641,000</u>	
 <u>Fund Balance Designations:</u>		
Future Police Facility	<u>\$ (4,462,510)</u>	
Unreserved Fund Balance	None	
Funds unexpended or uncommitted for five years or more	None	

Fund 2905 - Parkland Facilities Development Impact Fee

	<u>% Funded by Impact Fees</u>
<u>Disbursements:</u>	
No Disbursements	-
	<u>\$ -</u>
<u>Fund Balance Designations:</u>	
Future Parkland Facility	<u>\$ 4,032,392</u>
Unreserved Fund Balance	None
Funds unexpended or uncommitted for five years or more	None

Fund 2907- Recreation Center Development Impact Fee

	<u>% Funded by Impact Fees</u>
<u>Disbursements:</u>	
No Disbursements	-
	<u>\$ -</u>
<u>Fund Balance Designations:</u>	
Future Recreation Center	<u>\$ 503,326</u>
Unreserved Fund Balance	None
Funds unexpended or uncommitted for five years or more	None

Fund 2908 - Libraries Development Impact Fee

	<u>% Funded by Impact Fees</u>
<u>Disbursements:</u>	
Moreno Valley Mall Branch	750,000
	<u>\$ 750,000</u>
<u>Fund Balance Designations:</u>	
Future Libraries	<u>\$ 4,151,105</u>
Unreserved Fund Balance	None
Funds unexpended or uncommitted for five years or more	None

Fund 2909 - City Hall Development Impact Fee

	<u>% Funded by Impact Fees</u>
<u>Disbursements:</u>	
Civic Center Improvements	5,000
	<u>\$ 5,000</u>
<u>Fund Balance Designations:</u>	
Future City Hall	<u>\$ 2,964,678</u>
Unreserved Fund Balance	None
Funds unexpended or uncommitted for five years or more	None

Fund 2910 - Corporate Yard Development Impact Fee

<u>Disbursements:</u>		<u>% Funded by Impact Fees</u>
No Disbursements	-	
	<u>\$ -</u>	
<u>Fund Balance Designations:</u>		
Future Corporate Yard	<u>\$ 937,255</u>	
Unreserved Fund Balance		None
Funds unexpended or uncommitted for five years or more		None

Fund 2911 - Interchange Improvements

<u>Disbursements:</u>		<u>% Funded by Impact Fees</u>
SR-60 / Theodore St Interchange	1,179,274	1%
SR-60 / Moreno Beach Dr Interchange	48,872	1%
SR-60 / Nson St Overcrossing Bridge	30,000	4%
	<u>\$ 1,258,146</u>	
<u>Fund Balance Designations:</u>		
Future Interchange Improvements	<u>\$ 416,269</u>	
Unreserved Fund Balance		None
Funds unexpended or uncommitted for five years or more		None

Fund 2912 - Maintenance Equipment Development Impact Fee

<u>Disbursements:</u>		<u>% Funded by Impact Fees</u>
No Disbursements	-	
	<u>\$ -</u>	
<u>Fund Balance Designations:</u>		
Future Maintenance Equipment	<u>\$ 637,601</u>	
Unreserved Fund Balance		None
Funds unexpended or uncommitted for five years or more		None

Fund 2913 - Animal Shelter Development Impact Fee

<u>Disbursements:</u>		<u>% Funded by Impact Fees</u>
No Disbursements	-	
	<u>\$ -</u>	
<u>Fund Balance Designations:</u>		
Future Animal Shelter	<u>\$ 11,300</u>	
Unreserved Fund Balance		None
Funds unexpended or uncommitted for five years or more		None

Fund 2914 Administration Development Impact Fee

		<u>% Funded by Impact Fees</u>
<u>Disbursements:</u>		
Audit of DIF Charges	10,000	100%
	<u>\$ 10,000</u>	
<u>Fund Balance Designations:</u>		
Future Development Impact Fee Study	<u>\$ 285,586</u>	
Unreserved Fund Balance	None	
Funds unexpended or uncommitted for five years or more	None	

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