

# Annual Report on Newark Development Impact Fees

July 2006 – June 2007

The Newark City Council adopted three development impact fees on July 27, 2000, and updated those fees on January 25, 2007. A fourth impact fee was adopted on June 10, 2004. State law requires that the city annually publish summary information regarding each fee account established. This annual report was prepared in accordance with these state requirements, as set forth in Government Code Section 66006(b)(1), et seq.

## **TYPE OF FEE (SEC. 66006(B)(1)(A))**

The City of Newark had four development impact accounts during the 2006-2007 fiscal year, as described below:

1. **Public Safety Facilities Fee:** This fee provides funding for additional or improved police and fire services for which the need is generated by new development within the city.
2. **Community Service Facilities Fee:** This fee provides funding for additional or improved governmental, social, and cultural facilities for which the need is generated by new development within the city.
3. **Transportation Facilities Fee:** This fee provides funding for additional or improved traffic signal, operational, and infrastructure improvements for which the need is generated by new development within the city.
4. **Nonresidential Development Housing Impact Fee:** This fee provides funding to increase and improve the supply of housing affordable to households of very low, low, and moderate incomes for which the need is generated by new commercial and industrial development within the city.

## **AMOUNT OF FEE (SEC. 66006(B)(1)(B))**

The amounts of the first three fees were originally established in Resolution No. 8051 and amended in Resolution 9253. The current amounts are shown in the table below.

<i>Land Use Category</i>	<i>Amount of Fee</i>			
	Public Safety Facilities	Community Service Facilities	Transportation Facilities	Total
Single-family Residential (per unit)	\$1,989.00	\$1,942.00	\$801.00	\$4,732.00
Multi-family Residential (per unit)	\$2,079.00	\$1,596.00	\$460.00	\$4,136.00
Commercial (per sq. ft.)	\$1.73	\$0.36	\$1.38	\$3.46
Industrial (per sq. ft.)	\$0.17	\$0.31	\$0.68	\$1.16

The amounts of the Nonresidential Development Housing Impact fee were established in Resolution No. 8802 and are adjusted each year by the percentage change in the Engineering News-Record's Building Cost Index, or a similar index designated by the City Manager. The fee amounts for FY06-07 are shown in the table below.

<i>Land Use Category</i>	<i>Amount of Non-Residential Development Housing Impact Fee</i>
Commercial (per sq. ft.)	\$2.97
Industrial (per sq. ft.)	\$0.55

**BEGINNING AND ENDING BALANCES OF FUNDS (SEC. 66006(B)(1)(C)) AND**

The beginning and ending balances of each of the fee accounts are shown in the table below. The ending balance was arrived at by adding the fees collected and interest earned to each account, and then subtracting the expenditures. Information on fees collected, interest earned and expenditures for each account is presented in later sections of this report.

<b>Balances</b>	<b>Public Safety Facilities</b>	<b>Community Service Facilities</b>	<b>Transportation Facilities</b>	<b>Housing</b>
Beginning Balance (7/1/2006)	\$-1,451,785.77	\$338,249.97	\$1,059,259.10	\$271,597.43
Ending Balance (6/30/2007)	\$-1,441,258.05	\$347,283.31	\$1,095,808.42	\$276,991.61

The Public Safety Facilities Fund shows a negative balance because more money has been spent on projects partially funded by this fund, particularly Fire Station #1, than money has been collected from fees. General Fund money was used to pay the difference, and as public safety impact fees are collected, they are being used to reimburse the General Fund.

**FEES COLLECTED AND INTEREST EARNED (SEC. 66006(B)(1)(D))**

The table below shows the amount of fees collected and interest earned. No interest was earned in the Public Safety Facilities fund because that fund currently has a negative balance.

<b>Balances</b>	<b>Public Safety Facilities</b>	<b>Community Service Facilities</b>	<b>Transportation Facilities</b>	<b>Housing</b>
Fees Collected	\$13,180.75	\$4,988.24	\$18,021.25	\$7,565.11
Interest Earned	\$0.00	\$7,695.47	\$24,099.04	\$6,179.07

**EXPENDITURES (SEC. 66006(B)(1)(E))**

For this section, state law requires 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.

This information is provided in the table below.

<b>Improvement</b>	<b>Fee Used</b>	<b>Amount of Fees Expended</b>	<b>Percent of Cost Funded by Fees to Date</b>
Administration (Fee Update)	Public Safety	\$2,653.03	100%
Administration (Fee Update)	Community Svc	\$1,657.25	100%
Administration (Fee Update)	Transportation	\$5570.97	100%
Senior Center	Community Svc	\$1,993.12	0.96%

The administration costs shown above are taken from the 1% of each fee collected for administrative purposes, and used to pay for consultant services for the 2007 impact fee

update in conjunction with the five-year impact fee findings. The cost of the services was allocated between the three fees proportionally based on the amount of fees collected and interest earned.

**CONSTRUCTION COMMENCEMENT DATE (SEC. 66006(B)(1)(F))**

For this section, state law 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, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.

Sufficient funds have been collected to commence certain projects identified in the Development Impact Fee Study of January 2007. The following projects have commenced or are expected to commence during fiscal year 2007-2008:

**Public Safety Facilities**

- given the deficit in this fund, no projects are planned

**Community Service Facilities**

- Senior Center Expansion
- History Museum

**Transportation Facilities**

- Central Avenue Overpass
- None of the other projects for this fund are anticipated to begin in 2007-08, either because traffic conditions do not yet warrant the improvements or because other sources of funding are not yet available.

**Housing**

- Costs for legal services to develop legal documents for the city's inclusionary housing program
- In accordance with Ordinance No. 404, the Community Development Advisory Committee reviews potential projects and determines priorities for this fund. In 2007, the CDAC discussed using this fund for ongoing expenses to implement the city's housing programs, while saving the majority of the funds for a significant future project, such as acquiring a site for senior housing.

**INTERFUND TRANSFERS AND LOANS (SEC. 66006(B)(1)(G))**

No interfund transfers were made between the three fund accounts, nor were any collected fees loaned to a separate fee account.

**AMOUNT OF REFUNDS (SEC. 66006(B)(1)(H))**

No refunds of any of these fees were made during fiscal year 2006-2007.