

CITY OF HAWTHORNE



FISCAL YEAR 2018-19 DEVELOPMENT IMPACT FEE ANNUAL REPORT

PURSUANT TO THE MITIGATION FEE ACT

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Section 1 Introduction

Assembly Bill (“AB”) 1600 (1987), sets specific legal parameters for the implementation and management of Development Impact Fees (“Fees” or “Impact Fees”). These parameters took effect January 1, 1989 and are codified as California Government Code Sections 66000 through 66008 (“Mitigation Fee Act”).

In accordance with California Government Code Section 66006(b), a local agency that requires the payment of Impact Fees must prepare an annual report summarizing the revenues, interest income, and expenditures for each separate Impact Fee.

Section 2 Background

Impact Fees were first imposed in the City of Hawthorne (“City”) in 1990 to ensure new development pays the capital costs associated with resulting growth. City Council Resolution No. 5892 (1990) established a Water Impact Fee and Development Impact Fund 410 (“Development Impact Fund”) to avoid any comingling of the fees with other revenues and funds of the local agency, as required by California Government Code Section 66006(a). The City plans projects based on the fund balance and revenue projections, and fees accumulate in the account until sufficient funds are available to cover necessary projects.

In 1995, City Ordinance 1844 (2005) updated the Development Impact Fee structure for the Police, Parks, Traffic and Storm Drainage Fees. Additionally, Development Impact Fees were updated in City Ordinance No. 1972, adopted in 2010, based on the related Nexus Study prepared in accordance with legal requirements.

The City levied Development Impact Fees for Police, Parks, Traffic and Storm Drainage in fiscal year 2018-19.

Section 3 Requirements of Mitigation Fee Act (AB1600)

California Government Code Section 66006(b) requires the City make the following information available within 180 days of the last day of each fiscal year for each separate account or fund established for an Impact Fee that is collected for the construction of an improvement:

- a) A brief description of the type of fee in the account or fund.
- b) The amount of the fee.
- c) The beginning and ending balance of the account or fund.

- d) The amount of the fees collected, and the interest earned.
- e) Each public improvement funded in whole or in part by the fees(including the total percentage of the cost of the public improvement funded with each fee.
- f) The approximate date by which the construction of the public improvement will commence (if the local agency determines that sufficient funds have been collected to finance a public improvement.
- g) A description of each interfund transfer or loan made from the account or fund, including a description of the public improvement funded in whole or in part with the transfer or loan. For interfund loans, the required repayment date and the interest rate on the loan.
- h) The amount of any fee refunds provided.

This annual report details the above information for fiscal year 2018-19,

Section 4 Development Impact Fee Description

As stated previously, the City of Hawthorne currently collects four (4) types of Impact Fees for Police, Parks, Traffic and Storm Drainage facilities. A description of each fee is presented below. All fees were established pursuant to Ordinance No. 1972 adopted in 2010.

Section 4.1 Police Facilities

The Police Facilities Impact Fee is collected to finance the construction of a new police facility and command center. The fee schedule is based on new development's fair share of debt service on this facility that was designed to serve both residents and the daytime population of the City. The principal and interest costs of this facility are allocated to existing and new development evenly, on a per capita basis, through the end of the debt service payments in 2025.

Section 4.2 Parks Facilities

The Parks Facilities Impact Fee is collected to finance new park facilities and facility improvements. This fee is calculated by converting the City's existing cost per capita for park facilities to a fee per dwelling unit based on the average number of occupants per dwelling unit. The fee also includes an administrative fee of 2.0% to fund administrative costs.

Section 4.3 Traffic Facilities

The Traffic Facilities Impact Fee is collected to finance traffic facilities that will be needed to maintain acceptable levels of service as growth occurs. The allocation of roadway project costs to new development projects is based on the trip demand generated by each project. The trip demand associated with each land use type is determined based on the number of average weekday trips generated by the development, adjusted for variations in the number of pass-by trips and the trip length associated with each land use.

This fee is based on the cost of constructing street, traffic signal, and intersection improvement projects needed to provide additional transportation capacity. It is important to note that residential developments near transit stations are set at a rate that reflects the lower rate of trip generation associated with such development, in accordance with the Mitigation Fee Act.

Section 4.4 Storm Drainage Facilities

The Storm Drainage Facilities Impact Fee is collected to finance storm drain improvement projects. The Storm Drainage Facilities Impact Fee is based on the cost of completing improvements that are needed to enhance the capacity of the storm drainage system to serve new and existing development. These projects will replace existing storm drains with larger storm drains to accommodate runoff volumes from existing and new development. The improvement projects are end line collectors that collect drainage from large areas of the City. Thus, it is appropriate for new development Citywide to contribute funding toward these projects. The Storm Drainage Fee is calculated using the estimated amount of impervious surface created by the development.

Section 5 Fee Amounts

Table 1 identifies all fee amounts for residential and non-residential developments charged in fiscal year 2018-19.

Type		Police	Parks	Traffic		Storm Drain	Total	
				Non-TOD	TOD		Non-TOD	TOD
Single Family (Per Dwelling Unit)	All	\$874	\$3,569	\$1,370	\$767	\$239	\$6,052	\$5,449
Multi-Family (Per Dwelling Unit)	All	621	2,538	959	536	164	4,282	3,859
Commercial (Per 1,000 Sq. Ft.)	0-299,000 Sq. Ft.	173		4,479		35	4,687	
	300,000+ Sq. Ft.	173		3,587		35	3,795	
	Eating & Drinking	173		13,496		35	13,704	
	Lodging	173		1,453		35	1,661	
Office (Per 1,000 Sq. Ft.)	0-49,000 Sq. Ft.	234		3,255		29	3,518	
	50,000-299,000 Sq. Ft.	234		2,115		29	2,378	
	300,000+ Sq. Ft.	234		1,481		29	1,744	
	Medical	234		3,405		29	3,668	
	Government	234		4,221		29	4,484	
	Institutional/Educational	234		1,548		29	1,811	
Industrial (Per 1,000 Sq. Ft.)	All	87		1,225		17	1,329	

Source: City of Hawthorne, Planning Department

Section 6 Development Impact Fee Fund Summary

Table 2 provides an accounting and summary of the Impact Fee fund for fiscal year 2018-19 and includes the amount of fees collected, the interest earned, the total expenditures, and the fiscal year ending fund balance. This information satisfies the AB 1600 reporting requirements under California Government Code Section 66006 (b) (1) (a) (C) and (D).

Type	Police	Parks	Traffic	Storm Drain	Total
Beginning Balance	\$271,234	\$537,768	\$2,730,764	\$1,204,837	\$4,744,603
Revenues					
Fees Collected	52,634	60,436	9,750	534,077	656,897
Interest Earned	1,474	1,692	273	14,955	18,394
Other Revenues	-	-	-	-	-
Total Revenues	54,108	62,128	10,023	549,032	675,291
Expenditures					
Project Expenditures	-	-	(1,199,999)	(607,417)	(1,807,417)
Other Expenditures					
Non-Admin	-	(89,502)	-	-	(89,502)
Admin ¹	(5,872)	(5,872)	(6,676)	(5,872)	(24,292)
Total Expenditures	(5,872)	(95,374)	(1,206,675)	(613,289)	(1,921,210)
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Net Fund Transfers	-	-	-	-	-
Ending Balance	\$319,470	\$504,522	\$1,534,112	\$1,140,580	\$3,498,684

Source: City of Hawthorne, Fund 410 Financial Documents

¹Includes \$23,497.50 in Contract Services expenditures for annual reporting and auditing and \$804.00 in Traffic Impact Fee Admin expenditures.

Section 7 Public Improvement Expenditures

Table 3 identifies each public improvement funded in whole or in part with Impact Fees during fiscal year 2018-19, including the expenditures on each improvement and the percentage of cost funded with Impact Fees.

Project Name	Expenditure	Source	Percentage (Of Total Improvement Cost)
<u>Police Facilities</u>			
<i>N/A</i>	<i>\$0</i>	<i>N/A</i>	<i>0%</i>
<u>Park Facilities</u>			
<i>N/A</i>	<i>\$0</i>	<i>N/A</i>	<i>0%</i>
<u>Traffic Facilities</u>			
<i>Hawthorne Boulevard Improvement Project</i>	<i>\$271,732</i>	<i>Development Impact Fees</i>	<i>5%</i>
<i>El Segundo Boulevard Improvement Project</i>	<i>\$1,004,999</i>	<i>Development Impact Fees</i>	<i>14%</i>
<u>Storm Drainage Facilities</u>			
<i>El Segundo Boulevard Improvement Project</i>	<i>\$607,417</i>	<i>N/A</i>	<i>8%</i>
Source: City of Hawthorne, Fund 410 Financial Documents			

Section 8 Public Improvement Commencement Dates

As shown in Table 4 below, the City determined that sufficient funds have been collected to commence traffic improvements on Prairie Avenue and park improvements on Holly Park in fiscal year 2019-20. The estimated expenditures for these project include \$560,000 in Traffic Fees and \$200,000 in Park Fees.

Project Name	Estimated Completion	Expenditure	Source	Funding Percent
<i>Prairie Avenue Mobility Improvement Project Phase I</i>	2019-20	\$ 7,711,435		100%
		2,588,896	MTA Call for Projects	34%
		1,237,000	MTA Measure R	16%
		880,500	HSIP5-07-016	11%
		2,016,000	STP-L	26%
		429,039	CDBG	6%
		560,000	Development Impact (Traffic)	7%
<i>Holly Park Improvement</i>	2019-20	\$ 800,000		100%
		200,000	Park Impact Fees	25%
		600,000	LA County Park Prop. A & Measure A	75%

Source: City of Hawthorne, Public Works Department
 Note: Budgets subject to change.

Section 9 Interfund Transfers & Loans

There were no interfund transfers or loans made during Fiscal Year 2018-19.

Section 10 Refunds & Allocations

There were no refunds made pursuant to California Government Code Section 66001(4)(e) or (f) in Fiscal Year 2018-19.