

Annual and Five-Year Development Impact Mitigation Fee Report

For Fiscal Year Ended June 30, 2023

Prepared by
City of Encinitas
Finance Department
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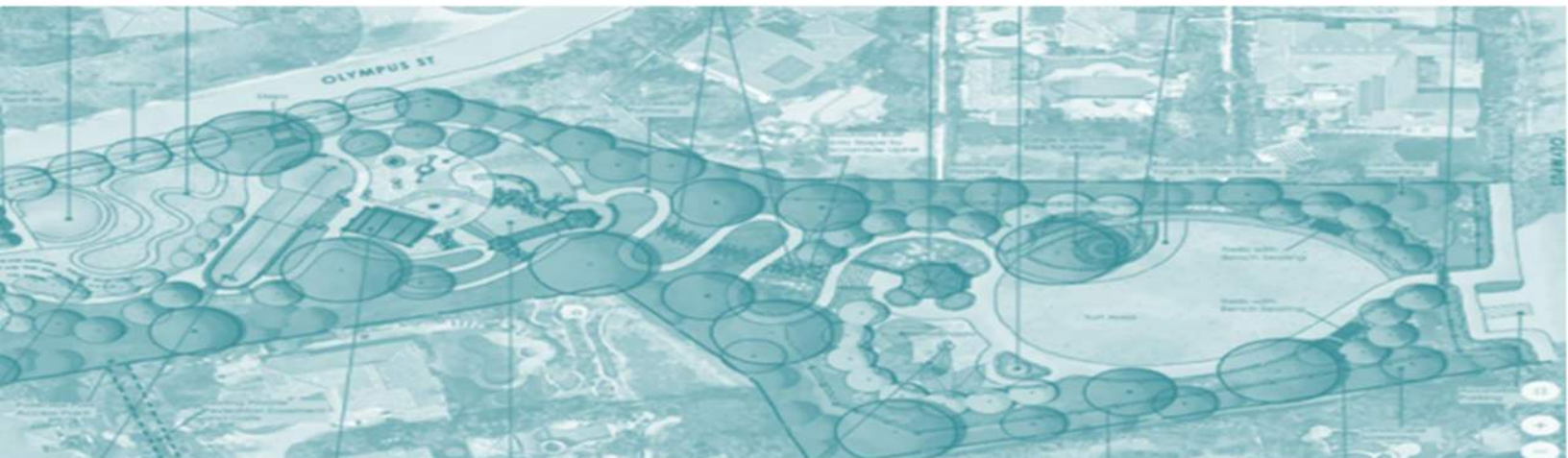


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1.0 Annual Development Impact Fee Report

The California Mitigation Fee Act (Government Code Sections 66000 et seq.) mandates procedures for administration of impact fee programs, including collection and accounting, reporting, and refunds. Regarding reporting requirements, the Mitigation Fee Act requires annual reporting for each impact fee fund, and a separate five-year reporting process. This Section meets the requirements for the Annual Report. Section 2 meets the requirements for the Five-Year Report.

1.1 Annual Report Requirements

Assembly Bill 516 amended Government Code § 66006(b)(1) effective January 1, 2024. The section outlines the following annual reporting requirements pertaining to development impact fees:

For each separate account or fund established, the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the following information for the fiscal year:

- (A) A brief description of the type of fee in the account or fund. *(See report section 1.2)*
- (B) The amount of the fee. *(See report section 1.3 and attachment)*
- (C) The beginning and ending balance of the account or fund. *(See report section 1.4)*
- (D) The amount of the fees collected and interest earned. *(See report section 1.4)*
- (E) An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement including the total percentage of the cost of the public improvement that was funded with fees. *(See report section 1.5)*
- (F) (i) 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.

(ii) An identification of each public improvement identified in a previous report pursuant to clause (i) and whether construction began on the approximate date noted in the previous report.

(iii) For a project identified pursuant to clause (ii) for which construction did not commence by the approximate date provided in the previous report, the reason for the delay and a revised approximate date that the local agency will commence construction. *(See report section 1.5)*
- (G) 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 or fund will receive on the loan. *(See report section 1.6)*
- (H) The amount of refunds made pursuant to subdivision (e) of Section 66001, the number of persons or entities identified to receive those refunds, and any allocations pursuant to subdivision (f) of Section 66001. *(See report section 1.7)*

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Per Section 66006(b)(2), the annual report must be reviewed by the City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public. Meeting notices also must be mailed, at least 15 days prior to the meeting, to any interested party who files a written request with the local agency for mailed notice of the meeting.

GC § 65865(e) also requires that in any development agreement entered into on or after January 1, 2004, the City shall comply with GC § 66006 with respect to any fee it receives or cost it recovers.

1.2 Types of Impact Fees and Impact Fee Funds

GC § 66006 (b)(1)(A)

This Annual Development Impact Fee Report includes the fees listed below. The revenue and expenditures for each fee type is tracked by the City in a separate fund

Fund #	Fund Name	Fee Description	Code	Recent Fee Study
231	Park Development Fees	The park land in lieu/ impact fees and the park improvement impact fees will be used to acquire land and construct park improvements to mitigate the impacts of new development. The parks being funded by impact fees are needed to serve additional population related to new residential development.	EMC 23.98	DIF 2015 Chapter 3
232	Parkland Acquisition Fees	The purpose of the City's traffic mitigation fee is to provide for the traffic facilities needed to serve new development. The fees deposited in the traffic mitigation fee fund are used for the construction and reconstruction of Circulation Element streets and traffic facilities. The City's traffic mitigation fee follows the RTCIP amount increased annually as approved by the SANDAG Board.	EMC 23.94 23.94.050	DIF 2000 Section 3
233	Regional Traffic Mitigation Fees	The TransNet Extension Ordinance requires the 18 cities in the San Diego region and the County of San Diego to collect a Regional Transportation Congestion Improvement Program (RTCIP) fee from the private sector for each new housing unit constructed in its jurisdiction, with certain exceptions, including low-income residential units and accessory dwelling units. The purpose of this fee is to help ensure that future development contributes its proportional share of the funding needed to pay for the impact of new growth on the Regional Arterial System and related regional transportation facility improvements as defined in the most recent Regional Transportation Plan adopted by SANDAG.	EMC 23.94.040.A	SANDAG Commission Ordinance 04-01
234	Open Space Acquisition Fees	The open space and trails development impact fees will be used to pay for additional open space and trails to mitigate the demand created by new residential development, or if it is not feasible to		DIF 2015 Chapter 4

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Fund #	Fund Name	Fee Description	Code	Recent Fee Study
236	Recreational Trails Fees	acquire additional open space, the open space fees may be used to improve access to, or usability of, existing open space.		
237	Community Facilities Fees	Community Facilities Fees are used to mitigate the cost of improvements needed to meet the recreational space and facilities—such as the Encinitas branch library addressed in the 2005 impact fee study. Impact fees to recover new development’s share of the costs for the branch are based on per-capita costs and the population per dwelling unit.		DIF 2005 Chapter 5
238	Fire Mitigation Fees	The purpose of the fire protection impact fees is to mitigate the impact of all new development on the need for fire protection facilities and equipment in the City. Fees will be used to pay for additional fire protection assets needed to maintain the existing level of service for fire protection in the City. The fees are based on the impact of each type of new development, as measured by its associated increase in functional population.	EMC 23.92	DIF 2015 Chapter 5
239	Flood Control Mitigation Fees	The purpose of the flood control fee is to provide for flood control facilities needed to serve the development. Fees are used for the construction of planned drainage facilities for the removal of surface and stormwaters from the City of Encinitas, as shown on the San Diego County Flood Control Plan adopted in 1977.	EMC 23.96	
		The fee is 21 cents per square foot of impervious surface resulting from the completion of the project.		

1.3 Current Impact Fees

GC § 66006 (b)(1)(B)

The Attachment to this report provides a current Development Impact Fee Schedule for the City of Encinitas.

Development impact fees in the City of Encinitas are one-time charges levied on new development to fund construction of certain capital improvements that will be needed to mitigate the impacts of planned new development on City facilities and to maintain an acceptable level of public services as the City grows.

Impact fee amounts are calculated in development impact fee nexus studies. The table in section 1.2 references the most recent development impact fee study performed for each fee. The 2000, 2005, and 2015 studies are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-financial-studies>.

In December 2023, City staff issued a request for proposals for a development impact fee nexus study update. Staff anticipates presenting results to City Council in the spring or summer of 2024. If Council were to approve fee updates at that time, the new amounts would go into effect sometime in Fiscal Year 2024-25.

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1.4 Financial Summary
GC § 66006 (b)(1) (C, D, G, H)

The Financial Summary on the next page provides an annual statement of revenue, expenditures, and changes in fund balance for each impact fee fund, for the Fiscal Year End June 30, 2023.

The Financial Summary includes:

- Beginning and ending balance of the account or fund;
- Amount of the fees collected and the interest earned;
- Interfund loan transfer amounts; and
- The amount of refunds made.

Financial Summary

GC § 66006 (b)(1) C D G H

Required Information	Park Development Fund 231	Parkland Acquisition Fund 232	Traffic Mitigation Fund 233	Regional Arterial System RTCIP Fund 234	Open Space Acquisition Fund 235	Recreational Trails Fund 236	Community Facilities Fund 237	Fire Mitigation Fund 238	Flood Control Fund 239	Total
(C) Beginning Fund Balance July 1, 2022	\$ 452,228	\$ 586,396	\$ 4,099,068	\$ 357,688	\$ 207,316	\$ 97,456	\$ -	\$ -	\$ 559,673	\$ 6,359,825
(D) Fees Collected	228,471	323,316	36,272	259,177	25,627	9,800	37,037	12,613	57,877	990,190
(H) Fees Refunded										-
(D) Interest Earned includes change in FMV	2,938	3,892	43,198	5,144	1,956	1,246	-	-	5,527	63,901
Total Revenues	231,409	327,208	79,470	264,321	27,583	11,046	37,037	12,613	63,404	1,054,091
Capital Expenditures										
(E) on Public Improvement Projects	-	-	(226,650)	(6,856)	(4,506)	(94,144)	-	-	(14,581)	(346,737)
(G) General Fund Transfers Out										-
(G) Debt Service Transfer Out	-	-	-	-	-	-	(37,037) ^a	(12,613) ^b	-	(49,650)
(C) Ending Fund Balance June 30, 2023	\$ 683,637	\$ 913,603	\$ 3,951,888	\$ 615,153	\$ 230,393	\$ 14,358	\$ -	\$ -	\$ 608,496	\$ 7,017,529
Adjustments										
(C) Adjusted Ending Fund Balance June 30, 2023	\$ 683,637	\$ 913,603	\$ 3,951,888	\$ 615,153	\$ 230,393	\$ 14,358	\$ -	\$ -	\$ 608,496	\$ 7,017,529
Current Unspent Committed Funds										
in Approved Public Improvement Projects	-	(3,913)	(3,819,675)	(522,490)	(121,280)	(191)	-	-	(45,774)	(4,513,323)
Uncommitted fund balance June 30, 2023 *	\$ 683,637	\$ 909,691	\$ 132,213	\$ 92,664	\$ 109,113	\$ 14,167	\$ -	\$ -	\$ 562,722	\$ 2,504,206

(G) **Interfund transfers made in FY 2022-23:**

^a Transfer from the Community Facilities Fund to the General Fund for the repayment of an interfund loan for the construction of the Encinitas Library.

^b Transfer from the Fire Mitigation Fund to the General Fund for the repayment of an interfund loan on the construction of Fire Stations 2 and 5.

* Note: Column totals may not sum due to rounding.

1.5 Public Improvements

GC § 66006 (b)(1) (E, F)

This section of the Annual Report identifies each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fees.

The Mitigation Fee Act also requires annual identification of the approximate date by which the construction of a public improvement will commence, if the City determines sufficient funds have been collected to complete financing of an incomplete public improvement.

It also contains the following information required by Assembly Bill 516:

- (F)
- (i) 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.
 - (ii) An identification of each public improvement identified in a previous report pursuant to clause (i) and whether construction began on the approximate date noted in the previous report.
 - (iii) For a project identified pursuant to clause (ii) for which construction did not commence by the approximate date provided in the previous report, the reason for the delay and a revised approximate date that the local agency will commence construction.

Public Improvement Project Detail

GC § 66006 (b)(1) E, F

	FY23 Project Expenditures	Amount Funded by Impact Fees	Amount Funded by Other Sources	% of Cost Funded by Impact Fees	Approximate Construction Start Date	Amended Construction Start Date
PROJECT > MITIGATION FUND						
CD17B - 5YR HABITAT-BIOLOGICAL & MONITORING	14,581	14,581	-	100%	Fall 2016	
239 - FLOOD CONTROL FEE		14,581				
CP00F - RECREATIONAL TRAILS DEVELOPMENT	153,270	94,144	59,125	61%	Financing incomplete	
236 - RECREATION TRAILS FEES		94,144				
CP14A - OLYMPUS PARK	4,506	4,506	-	100%	Complete	
231 - PARK IMPROVEMENT FEE		-				
232 - PARKLAND ACQUISITION FEE		-				
235 - OPEN SPACE ACQUISITION FEES		4,506				
CS02F - TRAFFIC SAFETY AND CALMING	53,643	-	53,643	0%	Ongoing	
233 - TRAFFIC MITIGATION FEE		-				
CS02G - TRAFFIC SIGNAL MODIFICATIONS	26,827	8,088	18,739	30%	Ongoing	
233 - TRAFFIC MITIGATION FEE		8,088				
234 - REGIONAL TRAFFIC MITIGATION FE		-				
CS11C - LA COSTA AVENUE IMPROVEMENTS	70,531	-	70,531	0%	Financing incomplete	
233 - TRAFFIC MITIGATION FEE		-				
234 - REGIONAL TRAFFIC MITIGATION FE		-				
CS16F - EL PORTAL PED/BIKE UNDERPASS PROJ	52,255	6,856	45,399	13%	Complete	
234 - REGIONAL TRAFFIC MITIGATION FE		6,856				
CS19E - SANTA FE DR CORRIDOR IMPROVEMENTS	264,606	218,562	46,045	83%	Winter 2023	
233 - TRAFFIC MITIGATION FEE		218,562				
Grand Total	640,217	346,737	293,481	54%		

The projects listed above represent recently completed and/or active (in-progress) uses of impact fee funds in Fiscal Year 2022-23 to complete current capital improvement projects. The City has also identified public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the City's Capital Improvement Plan as adopted by City Council. Outside of these two sources of information, the City has not determined that sufficient funds have been collected to complete financing of any other incomplete public improvements.

1.6 Interfund Loans

GC § 66006 (b)(1) G

Interfund loan transfer amounts are included in the Financial Summary for the Fiscal Year Ended June 30, 2023 in section 1.4.

1.7 Refunds

GC § 66006 (b)(1)(H)

The refunding requirements for the Mitigation Fee Act are summarized as follows:

If the City determines that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Government Code Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

As discussed in this Section 1.5 of this report, determinations regarding sufficient funds collected to complete incomplete improvements are provided by the City's annual Capital Improvement Plan. The City has not made a determination that sufficient funds have been collected to complete financing of any other incomplete public improvements. No refunds of impact fee monies were made or required.

Both the amount of refunds made and the number of persons or entities identified to receive those refunds are zero.

2.0 Five-Year Development Impact Fee Report

2.1 Five-Year Report Requirements

GC § 66001 (d)

Prior to 1996, The Mitigation Fee Act required that a local agency collecting impact fees was required to expend or commit impact fee revenue within five years or make findings to justify a continued need for the money. Otherwise, those funds had to be refunded. SB 1693, adopted in 1996 as an amendment to the Mitigation Fee Act, changed that requirement in material ways.

Now, Section 66001 (d) requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006 (b), and every five years thereafter, the local agency shall make all the following findings for any fee revenue that remains unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put;
2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

Those findings are to be made in conjunction with the annual reports discussed above. If such findings are not made as required by Section 66001, the local agency could be required to refund the moneys in the account or fund, per Section 66001 (d).

Once the agency determines that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvement will be commenced (Section 66001 (e)). If the agency fails to comply with that requirement, it must refund impact fee revenue in the account according to procedures specified in Section 66001 (d).

The following sections provide Five-Year Report financial analysis and findings for each of the City's development impact fee funds.

2.2 Fund 231 Park Development Fees

The table on the following page provides a five-year financial summary for the Park Development Fund.

As shown, there are no fee revenues within the fund balance that have not been spent within five years from the year of collection.

Findings

1. Identify the purpose to which the fee will be put.

The purpose to which the fees apply is as stated in Section 1.2 of this report as well as the most recent impact fee/nexus study completed by the City. See the Development Impact Fee Study, dated August 5, 2015 available on the City website at <https://www.encinitasca.gov/government/departments/finance/city-financial-studies>.

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The reasonable relationship between the fee and the purpose for which it is charged is also substantiated by the most recent and applicable impact fee/nexus study completed by the City.

3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The City's impact fee and nexus study reports identify types of improvements for which park development impact fees are to be used. Specific other sources and amounts of funding anticipated to be used to complete improvements are determined on a project-by-project basis and documented in the City's annual Capital Improvement Plan adopted by City Council. Typical sources of funding for park development other than impact fees include donations and the General Fund.

4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The exact date of impact fee collection and deposit of funding is impossible to predict (as impact fee revenue is dependent on economic cycles associated with development activity) the City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

Capital Improvement Plans and capital budgets are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

Fund 231

Park Development

Required Information	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Fund Balance, Beginning of Year	a \$ 1,271,707	\$ 1,617,206	\$ 1,288,098	\$ 446,061	\$ 452,228
Fees Collected	298,338	229,636	171,608	137,306	228,471
Fees Refunded					
Interest Earned including change in FMV	b 47,161	53,052	7,316	(14,704)	2,938
Total Revenues*	345,499	282,688	178,924	122,602	231,409
Capital Expenditures	-	(611,796)	(1,020,961)	(116,435)	-
General Fund Transfers In					
Debt Service Transfer Out	-	-	-	-	-
Total Expenditures	-	(611,796)	(1,020,961)	(116,435)	-
Fund Balance, End of Year	\$ 1,617,206	\$ 1,288,098	\$ 446,061	\$ 452,228	\$ 683,637
<i>Less prior year General Fund transfers included in beginning fund balance</i>					
<i>Less current year General Fund transfers included in ending fund balance</i>					
Adjusted Fund Balance, End of Year	a \$ 1,617,206	\$ 1,288,098	\$ 446,061	\$ 452,228	\$ 683,637
Less Current Unspent Committed Funds in Approved Projects	939,453	1,137,396	116,435	-	-
Uncommitted Fund Balance, End of Year	\$ 677,753	\$ 150,702	\$ 329,626	\$ 452,228	\$ 683,637

Five Year Fee Revenue Test

Fee Revenues Current Year	231,409
Fee Revenue Prior FY (2-yr Old Funds)	122,602
Fee Revenue Prior FY (3-yr Old Funds)	178,924
Fee Revenue Prior FY (4-yr Old Funds)	282,688
Fee Revenue Prior FY (5-yr Old Funds)	345,499
*Total Revenues Received 2019 - 2023	1,161,121
Adjusted Fund Balance, June 30, 2023	683,637
Less Total Revenues Received 2019-2023	(1,161,121)
Fee Revenue Greater than Five Prior Fiscal Years	c (477,485)

- a Cash balance as reported per Trial Balance provided by City Finance Department
- b Interest category includes all types of Investment Revenue
- c Five-Year Fee Revenue Test compares year end fund balance to total of most recent five years of revenue received.
A negative value indicates 5-Year Revenue Test is compliant.

2.3 Fund 232 Parkland Acquisition Fees

The table on the following page provides a five-year financial summary for the Parkland Acquisition Fees Fund. As shown, there are no fee revenues within the fund balance that have not been spent within five years from the year of collection.

Findings

1. Identify the purpose to which the fee will be put.

The purpose to which the fees apply is as stated in Section 1.2 of this report as well as the most recent impact fee/nexus study completed by the City. See the Development Impact Fee Study, dated August 5, 2015 available on the City website at <https://www.encinitasca.gov/government/departments/finance/city-financial-studies>.

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The reasonable relationship between the fee and the purpose for which it is charged is also substantiated by the most recent and applicable impact fee/nexus study completed by the City.

3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The City's impact fee and nexus study reports identify types of improvements for which parkland acquisition development impact fees are to be used. Specific other sources and amounts of funding anticipated to be used to complete improvements are determined on a project-by-project basis and documented in the City's annual Capital Improvement Plan adopted by City Council. Typical sources of funding for parkland acquisition other than impact fees include donations and the General Fund.

4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

Capital Improvement Plans and capital budgets are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

Fund 232

Parkland Acquisition

Required Information	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Fund Balance, Beginning of Year	a \$ 2,761,086	\$ 3,137,341	\$ 3,241,780	\$ 378,953	\$ 586,396
Fees Collected	476,623	390,641	286,816	233,190	323,316
Fees Refunded					
Interest Earned including change in FMV	b 95,206	113,978	16,178	(19,665)	3,892
Total Revenues*	571,829	504,619	302,994	213,525	327,208
Capital Expenditures	(195,574)	(400,180)	(3,165,821)	(6,083)	-
General Fund Transfers In					
Debt Service Transfer Out	-	-	-	-	-
Total Expenditures	(195,574)	(400,180)	(3,165,821)	(6,083)	-
Fund Balance, End of Year	\$ 3,137,341	\$ 3,241,780	\$ 378,954	\$ 586,396	\$ 913,603
<i>Less prior year General Fund transfers included in beginning fund balance</i>					
<i>Less current year General Fund transfers included in ending fund balance</i>					
Adjusted Fund Balance, End of Year	a \$ 3,137,341	\$ 3,241,780	\$ 378,954	\$ 586,396	\$ 913,603
Current Unspent Committed Funds in Approved Projects	2,509,775	2,970,816	9,995	(3,913)	(3,913)
Uncommitted Fund Balance, End of Year	\$ 627,566	\$ 270,964	\$ 368,958	\$ 582,483	\$ 909,691

Five Year Fee Revenue Test

Fee Revenues Current Year	327,208
Fee Revenue Prior FY (2-yr Old Funds)	213,525
Fee Revenue Prior FY (3-yr Old Funds)	302,994
Fee Revenue Prior FY (4-yr Old Funds)	504,619
Fee Revenue Prior FY (5-yr Old Funds)	571,829
*Total Revenues Received 2019 - 2023	1,920,175
Adjusted Fund Balance, June 30, 2023	913,603
Less Total Revenues Received 2019-2023	(1,920,175)
Fee Revenue Greater than Five Prior Fiscal Years	c (1,006,572)

- a Cash balance as reported per Trial Balance provided by City Finance Department
- b Interest category includes all types of Investment Revenue
- c Five-Year Fee Revenue Test compares year end fund balance to total of most recent five years of revenue received.
A negative value indicates 5-Year Revenue Test is compliant.

2.4 Fund 233 Traffic Mitigation Fees

The table on the following page provides a five-year financial summary for the Traffic Mitigation Fees Fund.

The analysis shows that there is \$1.8 million in fee revenues within the fund that have not been spent within five years from the year of collection. However, these revenues have been committed to the Santa Fe Drive Corridor Improvements (CS19E) project, which started construction in Fiscal Year 2023-24.

Findings

1. Identify the purpose to which the fee will be put.

The purpose to which the fees apply is as stated in Section 1.2 of this report as well as the most recent impact fee/nexus study completed by the City. See the Development Impact Fee Study, dated March 30, 2000. The City's traffic mitigation fee follows the Regional Transportation Congestion Improvement Program amount increased annually as approved by the SANDAG Board.

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The reasonable relationship between the fee and the purpose for which it is charged is also substantiated by the most recent and applicable impact fee/nexus study completed by the City.

3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The City's impact fee and nexus study reports identify types of improvements for which traffic mitigation development impact fees are to be used. Specific other sources and amounts of funding anticipated to be used to complete improvements are determined on a project-by-project basis and documented in the City's annual Capital Improvement Plan adopted by City Council. Typical sources of funding for traffic mitigation other than impact fees include TransNet, Community Development Block grant, State grant, Federal grants, and the General Fund.

4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

Capital Improvement Plans and capital budgets are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

Fund 233

Traffic Mitigation

Required Information	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	
Fund Balance, Beginning of Year	a	\$ 2,765,615	\$ 3,066,807	\$ 4,148,536	\$ 4,266,587	\$ 4,099,068
Fees Collected		496,456	1,078,062	417,580	125,589	36,272
Fees Refunded		(207,813)				
Interest Earned including change in FMV	b	94,138	141,674	4,851	(123,568)	43,198
Total Revenues*		382,781	1,219,736	422,430	2,020	79,470
Capital Expenditures		(81,589)	(138,008)	(304,379)	(169,539)	(226,650)
General Fund Transfers In						
Debt Service Transfer Out		-	-	-	-	-
Total Expenditures		(81,589)	(138,008)	(304,379)	(169,539)	(226,650)
Fund Balance, End of Year		\$ 3,066,807	\$ 4,148,536	\$ 4,266,588	\$ 4,099,068	\$ 3,951,888
<i>Less prior year General Fund transfers included in beginning fund balance</i>						
<i>Less current year General Fund transfers included in ending fund balance</i>						
Adjusted Fund Balance, End of Year	a	\$ 3,066,807	\$ 4,148,536	\$ 4,266,588	\$ 4,099,068	\$ 3,951,888
Current Unspent Committed Funds in Approved Projects		2,446,198	2,383,190	3,758,404	(4,020,449)	(3,819,675)
Uncommitted Fund Balance, End of Year		\$ 620,609	\$ 1,765,346	\$ 508,183	\$ 78,620	\$ 132,213

Five Year Fee Revenue Test

Fee Revenues Current Year		79,470
Fee Revenue Prior FY (2-yr Old Funds)		2,020
Fee Revenue Prior FY (3-yr Old Funds)		422,430
Fee Revenue Prior FY (4-yr Old Funds)		1,219,736
Fee Revenue Prior FY (5-yr Old Funds)		382,781
*Total Revenues Received 2019 - 2023		2,106,438
Adjusted Fund Balance, June 30, 2023		3,951,888
Less Total Revenues Received 2019-2023		(2,106,438)
Fee Revenue Greater than Five Prior Fiscal Years	c	1,845,450

- a Cash balance as reported per Trial Balance provided by City Finance Department
- b Interest category includes all types of Investment Revenue
- c Five-Year Fee Revenue Test compares year end fund balance to total of most recent five years of revenue received.
A negative value indicates 5-Year Revenue Test is compliant.

2.5 Fund 234 Regional Traffic Mitigation Fees

Regional Arterial System (RTCIP) unexpended funds need to be committed in the Regional Transportation Improvement Program (RTIP) or expended within a seven-year period. Therefore, unexpended fees collected prior to July 1, 2018 are committed or spent by June 30, 2025.

The table on the following page provides a five-year financial summary for the Regional Traffic Mitigation Fees Fund. As shown, there are no fee revenues within the fund balance that have not been spent within five years from the year of collection. This also meets the seven-year requirements for this specific fund.

Findings

1. Identify the purpose to which the fee will be put.

The purpose to which the fees apply is as stated in Section 1.2 of this report and the SANDAG TransNet Extension Ordinance and Regional Transportation Improvement Program.

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The reasonable relationship between the fee and the purpose for which it is charged is substantiated by SANDAG's TransNet Extension Ordinance and Expenditure Plan which requires the 18 cities in the San Diego region and the County of San Diego to collect a Regional Transportation Congestion Improvement Program fee from the private sector for each new housing unit constructed in its jurisdiction, with certain exceptions.

3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

SANDAG's Regional Transportation Improvement Program identifies improvements for which regional traffic mitigation fees are to be used. Specific other sources and amounts of funding anticipated to be used to complete improvements are determined on a project-by-project basis and documented in the City's annual Capital Improvement Plan adopted by City Council. Typical sources of funding for regional traffic mitigation other than impact fees include TransNet, Federal grants, State grants, and the General Fund.

4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

Capital Improvement Plans and capital budgets are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

Fund 234

Regional Arterial System RTCIP

Required Information	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	
Fund Balance, Beginning of Year	a	\$ 1,375,911	\$ 1,463,241	\$ 571,935	\$ 297,437	\$ 357,688
Fees Collected		151,651	157,055	98,317	89,720	259,177
Fees Refunded						
Interest Earned including change in FMV	b	45,588	33,642	3,902	(11,444)	5,144
Total Revenues*		<u>197,239</u>	<u>190,697</u>	<u>102,219</u>	<u>78,276</u>	<u>264,321</u>
Capital Expenditures		(109,909)	(1,082,003)	(376,718)	(18,025)	(6,856)
General Fund Transfers In						
Debt Service Transfer Out		-	-	-	-	-
Total Expenditures		<u>(109,909)</u>	<u>(1,082,003)</u>	<u>(376,718)</u>	<u>(18,025)</u>	<u>(6,856)</u>
Fund Balance, End of Year		\$ 1,463,241	\$ 571,935	\$ 297,437	\$ 357,688	\$ 615,153
<i>Less prior year General Fund transfers included in beginning fund balance</i>						
<i>Less current year General Fund transfers included in ending fund balance</i>						
Adjusted Fund Balance, End of Year	a	\$ 1,463,241	\$ 571,935	\$ 297,437	\$ 357,688	\$ 615,153
Current Unspent Committed Funds in Approved Projects		<u>866,091</u>	<u>384,088</u>	<u>47,370</u>	<u>(329,346)</u>	<u>(522,490)</u>
Uncommitted Fund Balance, End of Year		<u>\$ 597,150</u>	<u>\$ 187,847</u>	<u>\$ 250,066</u>	<u>\$ 28,342</u>	<u>\$ 92,664</u>

Five Year Fee Revenue Test

Fee Revenues Current Year		264,321
Fee Revenue Prior FY (2-yr Old Funds)		78,276
Fee Revenue Prior FY (3-yr Old Funds)		102,219
Fee Revenue Prior FY (4-yr Old Funds)		190,697
Fee Revenue Prior FY (5-yr Old Funds)		197,239
*Total Revenues Received 2019 - 2023		<u>832,752</u>
Adjusted Fund Balance, June 30, 2023		615,153
Less Total Revenues Received 2019-2023		(832,752)
Fee Revenue Greater than Five Prior Fiscal Years	c	<u>(217,599)</u>

- a Cash balance as reported per Trial Balance provided by City Finance Department
- b Interest category includes all types of Investment Revenue
- c Five-Year Fee Revenue Test compares year end fund balance to total of most recent five years of revenue received.
A negative value indicates 5-Year Revenue Test is compliant.

2.6 Fund 235 Open Space Acquisition Fees

The table on the following page provides a five-year financial summary for the Open Space Acquisition Fees Fund.

As shown, there are \$42,867 in fee revenues within the fund balance that have not been spent within five years from the year of collection. The City has not determined that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used.

As of June 30, 2023, \$121,280 in revenues have been committed to the Habitat/Watershed Acquisition (CP05A) project.

Findings

1. Identify the purpose to which the fee will be put.

The purpose to which the fees apply is as stated in Section 1.2 of this report as well as the most recent impact fee/nexus study completed by the City. See the Development Impact Fee Study, dated August 5, 2015 available on the City website at <https://www.encinitasca.gov/government/departments/finance/city-financial-studies>.

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The reasonable relationship between the fee and the purpose for which it is charged is also substantiated by the most recent and applicable impact fee/nexus study completed by the City.

3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The City's impact fee and nexus study reports identify types of improvements for which open space acquisition development impact fees are to be used. Specific other sources and amounts of funding anticipated to be used to complete improvements are determined on a project-by-project basis and documented in the City's annual Capital Improvement Plan adopted by City Council. Typical sources of funding for open space acquisition other than impact fees include donations and the General Fund.

4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

Capital Improvement Plans and capital budgets are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

Fund 235

Open Space Acquisition

Required Information	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Fund Balance, Beginning of Year ^a	\$ 754,268	\$ 1,319,919	\$ 973,245	\$ 316,435	\$ 207,316
Fees Collected	32,382	25,407	18,991	15,197	25,627
Fees Refunded					
Interest Earned including change in FMV ^b	33,269	37,919	2,983	(6,205)	1,956
Total Revenues*	<u>65,651</u>	<u>63,326</u>	<u>21,974</u>	<u>8,992</u>	<u>27,583</u>
Capital Expenditures	-	-	(88,784)	(118,111)	(4,506)
General Fund Transfers In	500,000	(410,000)	(590,000)		
Debt Service Transfer Out	-	-	-	-	-
Total Expenditures	<u>500,000</u>	<u>(410,000)</u>	<u>(678,784)</u>	<u>(118,111)</u>	<u>(4,506)</u>
Fund Balance, End of Year	\$ 1,319,919	\$ 973,245	\$ 316,435	\$ 207,316	\$ 230,393
<i>Less prior year General Fund transfers included in beginning fund balance</i>	(500,000)	(590,000)			
<i>Less current year General Fund transfers included in ending fund balance</i>	(500,000)				
Adjusted Fund Balance, End of Year ^a	\$ 319,919	\$ 383,245	\$ 316,435	\$ 207,316	\$ 230,393
Current Unspent Committed Funds in Approved Projects	<u>121,280</u>	<u>337,530</u>	<u>248,746</u>	<u>(130,635)</u>	<u>(121,280)</u>
Uncommitted Fund Balance, End of Year	<u>\$ 198,639</u>	<u>\$ 45,715</u>	<u>\$ 67,689</u>	<u>\$ 76,681</u>	<u>\$ 109,113</u>

Five Year Fee Revenue Test

Fee Revenues Current Year	27,583
Fee Revenue Prior FY (2-yr Old Funds)	8,992
Fee Revenue Prior FY (3-yr Old Funds)	21,974
Fee Revenue Prior FY (4-yr Old Funds)	63,326
Fee Revenue Prior FY (5-yr Old Funds)	65,651
*Total Revenues Received 2019 - 2023	<u>187,526</u>
Adjusted Fund Balance, June 30, 2023	230,393
Less Total Revenues Received 2019-2023	(187,526)
Fee Revenue Greater than Five Prior Fiscal Years ^c	<u>42,867</u>

- ^a Cash balance as reported per Trial Balance provided by City Finance Department
- ^b Interest category includes all types of Investment Revenue
- ^c Five-Year Fee Revenue Test compares year end fund balance to total of most recent five years of revenue received.
- A negative value indicates 5-Year Revenue Test is compliant.

2.7 Fund 236 Recreational Trails Fees

The table on the following page provides a five-year financial summary for the Recreational Trails Fees Fund. As shown, there are no fee revenues within the fund balance that have not been spent within five years from the year of collection.

Findings

1. Identify the purpose to which the fee will be put.

The purpose to which the fees apply is as stated in Section 1.2 of this report as well as the most recent impact fee/nexus study completed by the City. See the Development Impact Fee Study, dated August 5, 2015 available on the City website at <https://www.encinitasca.gov/government/departments/finance/city-financial-studies>.

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The reasonable relationship between the fee and the purpose for which it is charged is also substantiated by the most recent and applicable impact fee/nexus study completed by the City.

3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The City's impact fee and nexus study reports identify types of improvements for which recreational trails development impact fees are to be used. Specific other sources and amounts of funding anticipated to be used to complete improvements are determined on a project-by-project basis and documented in the City's annual Capital Improvement Plan adopted by City Council. Typical sources of funding for trails development other than impact fees include donations, Federal grants, and the General Fund.

4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

Capital Improvement Plans and capital budgets are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

Fund 236

Recreational Trails

Required Information	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Fund Balance, Beginning of Year a	\$ 59,831	\$ 74,523	\$ 87,207	\$ 94,574	\$ 97,456
Fees Collected	12,494	9,744	7,280	5,824	9,800
Fees Refunded					
Interest Earned including change in FMV b	2,198	2,940	87	(2,942)	1,246
Total Revenues*	<u>14,692</u>	<u>12,684</u>	<u>7,367</u>	<u>2,882</u>	<u>11,046</u>
Capital Expenditures	-	-	-	-	(94,144)
General Fund Transfers In					
Debt Service Transfer Out	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,144)</u>
Fund Balance, End of Year	\$ 74,523	\$ 87,207	\$ 94,574	\$ 97,456	\$ 14,358
<i>Less prior year General Fund transfers included in beginning fund balance</i>					
<i>Less current year General Fund transfers included in ending fund balance</i>					
Adjusted Fund Balance, End of Year a	\$ 74,523	\$ 87,207	\$ 94,574	\$ 97,456	\$ 14,358
Current Unspent Committed Funds in Approved Projects	<u>64,335</u>	<u>64,335</u>	<u>64,335</u>	<u>(94,335)</u>	<u>(191)</u>
Uncommitted Fund Balance, End of Year	<u>\$ 10,188</u>	<u>\$ 22,872</u>	<u>\$ 30,239</u>	<u>\$ 3,121</u>	<u>\$ 14,167</u>

Five Year Fee Revenue Test

Fee Revenues Current Year	11,046
Fee Revenue Prior FY (2-yr Old Funds)	2,882
Fee Revenue Prior FY (3-yr Old Funds)	7,367
Fee Revenue Prior FY (4-yr Old Funds)	12,684
Fee Revenue Prior FY (5-yr Old Funds)	14,692
*Total Revenues Received 2019 - 2023	<u>48,671</u>
Adjusted Fund Balance, June 30, 2023	14,358
Less Total Revenues Received 2019-2023	(48,671)
Fee Revenue Greater than Five Prior Fiscal Years c	<u>(34,313)</u>

- a Cash balance as reported per Trial Balance provided by City Finance Department
- b Interest category includes all types of Investment Revenue
- c Five-Year Fee Revenue Test compares year end fund balance to total of most recent five years of revenue received.
A negative value indicates 5-Year Revenue Test is compliant.

2.8 Fund 237 Community Facilities Fees

The table on the following page provides a five-year financial summary for the Community Facilities Fees Fund.

As shown, there are no fee revenues within the fund balance that have not been spent within five years from the year of collection. Revenues are committed for the repayment of an interfund loan from the General Fund for the construction of the Encinitas Library.

Findings

1. Identify the purpose to which the fee will be put.

The purpose to which the fees apply is as stated in Section 1.2 of this report as well as the most recent impact fee/nexus study completed by the City. See the Development Impact Fee Study, dated November 30, 2005 available on the City website at <https://www.encinitasca.gov/government/departments/finance/city-financial-studies>.

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The reasonable relationship between the fee and the purpose for which it is charged is also substantiated by the most recent and applicable impact fee/nexus study completed by the City.

3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The City's impact fee and nexus study reports identify types of improvements for which community facilities development impact fees are to be used—such as the Encinitas branch library. Specific other sources and amounts of funding anticipated to be used to complete improvements are determined on a project-by-project basis and documented in the City's annual Capital Improvement Plan adopted by City Council. Typical sources of funding for community facilities other than impact fees include the General Fund.

4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

Capital Improvement Plans and capital budgets are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

Fund 237

Community Facilities

Required Information	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Fund Balance, Beginning of Year a	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Collected	43,463	33,302	25,411	20,578	37,037
Fees Refunded					
Interest Earned including change in FMV b	-	-	-	-	-
Total Revenues*	<u>43,463</u>	<u>33,302</u>	<u>25,411</u>	<u>20,578</u>	<u>37,037</u>
Capital Expenditures	-	-	-	-	-
General Fund Transfers In					
Debt Service Transfer Out	(43,463)	(33,302)	(25,411)	(20,578)	(37,037)
Total Expenditures	<u>(43,463)</u>	<u>(33,302)</u>	<u>(25,411)</u>	<u>(20,578)</u>	<u>(37,037)</u>
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Less prior year General Fund transfers included in beginning fund balance</i>					
<i>Less current year General Fund transfers included in ending fund balance</i>					
Adjusted Fund Balance, End of Year a	\$ -	\$ -	\$ -	\$ -	\$ -
Current Unspent Committed Funds in Approved Projects	-	-	-	-	-
Uncommitted Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Five Year Fee Revenue Test

Fee Revenues Current Year	37,037
Fee Revenue Prior FY (2-yr Old Funds)	20,578
Fee Revenue Prior FY (3-yr Old Funds)	25,411
Fee Revenue Prior FY (4-yr Old Funds)	33,302
Fee Revenue Prior FY (5-yr Old Funds)	43,463
*Total Revenues Received 2019 - 2023	<u>159,791</u>
Adjusted Fund Balance, June 30, 2023	-
Less Total Revenues Received 2019-2023	(159,791)
Fee Revenue Greater than Five Prior Fiscal Years c	<u>(159,791)</u>

- a Cash balance as reported per Trial Balance provided by City Finance Department
- b Interest category includes all types of Investment Revenue
- c Five-Year Fee Revenue Test compares year end fund balance to total of most recent five years of revenue received.
A negative value indicates 5-Year Revenue Test is compliant.

2.9 Fund 238 Fire Mitigation Fees

The table on the following page provides a five-year financial summary for the Fire Mitigation Fees Fund.

As shown, there are no fee revenues within the fund balance that have not been spent within five years from the year of collection. Revenues are committed for the repayment of an interfund loan from the General Fund for the construction of Fire Stations 2 and 5.

Findings

1. Identify the purpose to which the fee will be put.

The purpose to which the fees apply is as stated in Section 1.2 of this report as well as the most recent impact fee/nexus study completed by the City. See the Development Impact Fee Study, dated August 5, 2015 available on the City website at <https://www.encinitasca.gov/government/departments/finance/city-financial-studies>.

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The reasonable relationship between the fee and the purpose for which it is charged is also substantiated by the most recent and applicable impact fee/nexus study completed by the City.

3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The City's impact fee and nexus study reports identify types of improvements for which fire mitigation development impact fees are to be used. Specific other sources and amounts of funding anticipated to be used to complete improvements are determined on a project-by-project basis and documented in the City's annual Capital Improvement Plan adopted by City Council. Typical sources of funding for fire mitigation other than impact fees include the General Fund.

4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

Capital Improvement Plans and capital budgets are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

Fund 238

Fire Mitigation

Required Information	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Fund Balance, Beginning of Year a	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Collected	76,620	222,837	24,994	195,183	12,613
Fees Refunded					
Interest Earned including change in FMV b	-	-	-	4	-
Total Revenues*	76,620	222,837	24,994	195,187	12,613
Capital Expenditures	-	-	-	-	-
General Fund Transfers In					
Debt Service Transfer Out	(76,620)	(222,837)	(24,994)	(195,187)	(12,613)
Total Expenditures	(76,620)	(222,837)	(24,994)	(195,187)	(12,613)
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Less prior year General Fund transfers included in beginning fund balance</i>					
<i>Less current year General Fund transfers included in ending fund balance</i>					
Adjusted Fund Balance, End of Year a	\$ -	\$ -	\$ -	\$ -	\$ -
Current Unspent Committed Funds in Approved Projects	-	-	-	-	-
Uncommitted Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

Five Year Fee Revenue Test

Fee Revenues Current Year	12,613
Fee Revenue Prior FY (2-yr Old Funds)	195,187
Fee Revenue Prior FY (3-yr Old Funds)	24,994
Fee Revenue Prior FY (4-yr Old Funds)	222,837
Fee Revenue Prior FY (5-yr Old Funds)	76,620
*Total Revenues Received 2019 - 2023	<u>532,250</u>
Adjusted Fund Balance, June 30, 2023	-
Less Total Revenues Received 2019-2023	(532,250)
Fee Revenue Greater than Five Prior Fiscal Years c	<u>(532,250)</u>

- a Cash balance as reported per Trial Balance provided by City Finance Department
- b Interest category includes all types of Investment Revenue
- c Five-Year Fee Revenue Test compares year end fund balance to total of most recent five years of revenue received.
A negative value indicates 5-Year Revenue Test is compliant.

2.10 Fund 239 Flood Control Mitigation Fees

The table on the following page provides a five-year financial summary for the Flood Control Mitigation Fees Fund.

As shown, there are \$152,435 in fee revenues within the fund balance that have not been spent within five years from the year of collection. The City has not determined that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee revenue is to be used.

The (\$43,774) unspent committed fund balance reflects a reimbursement for the North County Transit District related to the North Vulcan Avenue Temporary Parking (CS21B) project received in Fiscal Year 2021-22. Revenues have also been committed to Storm Drain Repairs (CD05E) and Five-Year Habitat Biological Monitoring (CD17B) projects.

Findings

1. Identify the purpose to which the fee will be put.

The purpose to which the fees apply is as stated in Section 1.2 of this report as well as the [Encinitas Municipal Code Chapter 23.96](#).

2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.

The reasonable relationship between the fee and the purpose for which it is charged is also substantiated by the as the Encinitas Municipal Code Chapter 23.96 and the San Diego County Flood Control Plan adopted in 1977.

3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used.

The City's municipal code and County's Flood Control Plan identify flood control facilities for which the flood control mitigation fees are to be used. Specific other sources and amounts of funding anticipated to be used to complete improvements are determined on a project-by-project basis and documented in the City's annual Capital Improvement Plan adopted by City Council. Typical sources of funding for flood control other than impact fees include the General Fund.

4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.

The exact date of impact fee collection and deposit of funding is impossible to predict, as impact fee revenue is dependent on economic cycles associated with development activity. The City annually identifies public improvement projects that have sufficient impact fee funds available to complete, including approximate dates (fiscal year) of construction in the Capital Improvement Plan as adopted by City Council.

Capital Improvement Plans and capital budgets are available on the City's website at <https://www.encinitasca.gov/government/departments/finance/city-budgets>.

Fund 239

Flood Control

Required Information	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Fund Balance, Beginning of Year	a \$ 466,868	\$ 483,732	\$ 543,990	\$ 362,484	\$ 559,673
Fees Collected	104,915	95,270	37,890	135,958	57,877
Fees Refunded					
Interest Earned including change in FMV	b 15,050	18,915	2,980	(18,321)	5,527
Total Revenues*	119,966	114,185	40,870	117,636	63,404
Capital Expenditures	(103,102)	(53,927)	(222,376)	79,553	(14,581)
General Fund Transfers In					
Debt Service Transfer Out	-	-	-	-	-
Total Expenditures	(103,102)	(53,927)	(222,376)	79,553	(14,581)
Fund Balance, End of Year	\$ 483,732	\$ 543,990	\$ 362,484	\$ 559,673	\$ 608,496
<i>Less prior year General Fund transfers included in beginning fund balance</i>					
<i>Less current year General Fund transfers included in ending fund balance</i>					
Adjusted Fund Balance, End of Year	a \$ 483,732	\$ 543,990	\$ 362,484	\$ 559,673	\$ 608,496
Current Unspent Committed Funds in Approved Projects	151,421	95,745	103,497	(181,596)	(45,774)
Uncommitted Fund Balance, End of Year	\$ 332,311	\$ 448,245	\$ 258,987	\$ 378,077	\$ 562,722

Five Year Fee Revenue Test

Fee Revenues Current Year	63,404
Fee Revenue Prior FY (2-yr Old Funds)	117,636
Fee Revenue Prior FY (3-yr Old Funds)	40,870
Fee Revenue Prior FY (4-yr Old Funds)	114,185
Fee Revenue Prior FY (5-yr Old Funds)	119,966
*Total Revenues Received 2019 - 2023	456,061
Adjusted Fund Balance, June 30, 2023	608,496
Less Total Revenues Received 2019-2023	(456,061)
Fee Revenue Greater than Five Prior Fiscal Years	c 152,435

- a Cash balance as reported per Trial Balance provided by City Finance Department
- b Interest category includes all types of Investment Revenue
- c Five-Year Fee Revenue Test compares year end fund balance to total of most recent five years of revenue received.
- A negative value indicates 5-Year Revenue Test is compliant.

Attachment - Current Development Impact Fee Schedules

City of Encinitas
Annual Report of Development Impact/Mitigation Fees
For Fiscal Year Ended June 30, 2023

Fee Amount

GC § 66006 (b)(1)(B)

Development Type	Dev Units ¹	Park Development Fund 231	Parkland Acquisition Fund 232	Traffic Mitigation Fund 233	Regional Arterial System RTCIP Fund 234	Open Space Acquisition Fund 235	Recreational Trails Fund 236	Community Facilities Fund 237	Fire Mitigation Fund 238	Flood Control Fund 239
Development projects within the City										\$0.21 per sq ft new impervious surface
Residential - Single-Family	DU	\$ 3,959	\$ 5,371			\$ 438	\$ 168	\$ 571	\$ 675	
Residential - Multi-Family	DU	2,644	3,587			293	112	R8-11 \$449 R11-25 \$428	451	
Residential - Mobile Home Park	DU	2,518	3,416			279	107	387	429	
Residential - Accessory Unit ²	DU	N/A	N/A			N/A	N/A	N/A	N/A	
Office - Professional	KSF								741	
Commercial	KSF								627	
Industrial - Light	KSF								184	
Hotel/ Motel Room	Room								184	
Traffic Mitigation Fees										
Single-Family Residential x Peak Hour Trips x Traffic Mitigation Fee x Reduction Factor for Pass-by-Trips = Total Fee										
Residential - Single-Family	DU					\$2,688.21				
Residential - Low Income	DU			\$2,688.21		Exempt				
Residential - Rural	DU			\$537.64		\$2,688.21				
Residential - Other	DU					\$2,688.21				
Other Development - Non Residential										Calculated based on EDM 2.13 Attachment A

¹ Units of development. DU = dwelling unit; KSF = 1,000 square feet of building area; Room = guest room or suite

² Per Council direction on August 19, 2015, impact fees on ADUs were removed from the fee schedules (2015-10-21 Item 10C).



ATTACHMENT A

PEAK-HOUR TRIPS FOR SPECIFIC RESIDENTIAL AND NON-RESIDENTIAL USES, AND APPLICABLE PASS-BY TRIP REDUCTION FACTORS

1 Peak hour trip = \$2,688.21

<u>Land Use Categories</u>	<u>Highest AM/ PM Peak hour trips</u>	<u>Pass-By Trips Reduction Factor</u>	<u>Traffic Fees</u>
RESIDENTIAL (per DU)			
Rural Residential	1.20	N/A	\$3,225.85
Single Family	1.00	N/A	\$2,688.21
Other Residential	N/A	N/A	\$2,688.21
OFFICE (per 1,000 sf)			
Standard Commercial Office	2.80	N/A	\$7,526.99
Single Tenant Office	2.10	N/A	\$5,645.24
Medical-Dental Office	5.50	N/A	\$14,785.16
SHOPPING CENTER (per 1,000 sf)			
Community (10-30 acres)	7.00	0.70	\$13,172.23
Neighborhood (<10 acres)	12.00	0.60	\$19,355.11
COMMERCIAL SHOPS (per 1,000 sf)			
Convenience Market	40.00	0.50	\$53,764.20
Grocery Store	15.00	0.60	\$24,193.89
Discount Store	4.80	0.70	\$9,032.39
General Retail Shop	3.60	0.90	\$8,709.80
Furniture Store	0.54	N/A	\$1,451.63
RESTAURANTS (per 1,000 sf)			
Fast Food (with drive through)	45.50	0.60	\$73,388.13
Fast Food (without drive through)	49.00	0.60	\$79,033.37
Delicatessen (7 a.m. – 4 p.m.)	13.50	N/A	\$36,290.84
Sit Down, High Turnover	12.80	0.80	\$27,527.27
Sit Down, Low Turnover (quality)	8.00	0.90	\$19,355.11
FINANCIAL SERVICES (per 1,000 sf)			
Bank (walk-in only)	12.00	0.75	\$24,193.89
Bank (with drive-through)	20.00	0.75	\$40,323.15
OTHER LAND USES (per 1,000 sf unless otherwise noted)			
Church	0.72	N/A	\$1,935.51
Day Care Center (per child)	0.90	0.30	\$ 725.82
Private School (per student)	0.90	0.30	\$ 725.82
General Hospital (per bed)	1.70	N/A	\$4,569.96
Convalescent/Nursing (per bed)	0.21	N/A	\$ 564.52
Gas Station w/mart/car wash (per pump)	13.95	0.50	\$18,750.26
Hotel (w/convention facilities/restaurant) (per room)	0.80	N/A	\$2,150.57
Motel (per room)	0.81	N/A	\$2,177.45
Resort Hotel (per room)	0.56	N/A	\$1,505.40
Business Hotel (per room)	0.63	N/A	\$1,693.57
RECREATIONAL (per 1,000 sf)			
Golf Course (per hole)	3.20	N/A	\$8,602.27
Movie Theater (per seat)	0.144	N/A	\$ 387.10
Health Club	2.70	N/A	\$7,258.17