



City of Signal Hill Annual Impact Fee Report

For the Fiscal Year Ending June 30, 2024

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INTRODUCTION AND BACKGROUND

In California, State legislation sets certain legal and procedural parameters for the charging of development impact fees. This legislation was passed as AB 1600 by the California Legislature and is now codified as California Government Code Sections 66000 through 66008 (“Mitigation Fee Act”). This State law went into effect on January 1, 1989.

Requirements for Development Impact Fee Reporting

The Mitigation Fee Act imposes certain accounting and reporting requirements with respect to the fees collected. The fees must be deposited in a special account to avoid comingling the fees with the City’s other revenues or funds. Interest on each development fee fund or account must be credited to that fund or account and used only for those purposes for which the fees were collected.

The Mitigation Fee Act also requires any local agency that imposes development impact fees to prepare an annual report and a five-year report that provides specific information about those fees. This annual report has been prepared for the City of Signal Hill for the fiscal year (FY) ended June 30, 2024, in accordance with the provisions of California Government Code Section 66006 (b) and 66001 (d).

Annual Report

California Government Code Section 66006 (b) requires each local agency that imposes Development Impact Fees under the Mitigation Fee Act to prepare an annual report providing specific information about those fees for the previous fiscal year. Specifically, Section 66006 (b) requires that for each separate fund the local agency shall make available to the public the information shown below for the most recent fiscal year:

- 66006 (b) (1) (A): A brief description of the type of fee in the account or fund.
- 66006 (b) (1) (B): The amount of the fees.
- 66006 (b) (1) (C): The beginning (July 1) and ending (June 30) balance of a particular impact fee fund.
- 66006 (b) (1) (D): The amount of the fees collected, and interest earned by fund.

- 66006 (b) (1) (E): An identification of each public improvement upon 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.
- 66006 (b) (1) (F): 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.
- 66006 (b) (1) (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 terms of the loan, including the repayment schedule for the loan, and the rate of interest that the account or fund will receive on the loan.
- 66006 (b) (1) (H): A summary of any refunds made, and their respective amount, due to sufficient funds being collected to complete financing of scheduled public improvements and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

Per California Government Code Section 66006 (d), all funds established for the collection and expenditure of Development Impact Fees have additional requirements. For the fifth fiscal year following the first deposit into the fund and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the fund remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put;
- Demonstrate a reasonable relationship between the fee and purpose for which it is charged
- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements; and
- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund

State law requires the City to prepare and make available to the public the above information within 180 days after the last day of each fiscal year. The City Council must review the annual report at a regularly scheduled public meeting not less than fifteen days after the information is made available to the public. This report was filed with the City Clerk's office and available for public review on December 19, 2024.

Establishing a Reasonable Relationship Between the Fee and the Purpose for Which It Is Charged

Development Impact Fees provide the proportionate share of the funding for the City's capital facilities needs that can be reasonably attributed to new growth in the City. The revenue, in turn, provides the traffic, park and recreation, and water infrastructure and improvements necessary to mitigate the impacts of new residential, commercial, and industrial development on the City and its residents and businesses.

In order to ensure a reasonable relationship between the fee and the purpose for which it is charged, development impact fees in the City are derived based on mathematical calculations that consider future development, the facilities and infrastructure needed to serve that future development, and the estimated costs of those improvements. These mathematical calculations establish the relationship between contemplated future development, the facilities needed to serve that development, and the estimated costs of those improvements based on the City's Capital Improvement Program (CIP). The development impact fees are then used to fund facilities and infrastructure necessary to serve new development. Absent a comprehensive impact fee update, the development impact fees are typically adjusted annually in accordance with the Consumer Price Index and Engineering News Record Construction Cost Index according to the City's municipal code.

The 2025 Development Impact Fees will be updated to realigned growth prospects in the City, the facility and infrastructure improvements required to mitigate the impacts of the anticipated growth, and the current costs of the required improvements.

Funding of Infrastructure

California Government Code Section 66002 states that local agencies that have developed a fee program may adopt a CIP indicating the approximate location, size, and timing of projects, plus an estimate for the cost of all facilities or improvements to be financed by fees.

The City has developed and adopted a CIP, which is updated annually during the normal budget process. The City's current, adopted Fiscal Year (FY) 2024-25 CIP can be found on the City's website as part of the City's adopted budget report.

As a CIP project is identified, the project is evaluated to determine the portion of the project that will serve existing residents and businesses versus new development. This analysis is used to determine the

portion of the project that is eligible to receive impact fee funding. The anticipated funding and commencement dates for projects are indicated and may be adjusted, as needed, to reflect the needs of the community, funding constraints, and development priorities. Any modification of impact fee funding within the CIP requires Council action. Mid-year CIP budget adjustments occur as needed wherein staff seeks City Council approval to modify the CIP list of projects, or to modify the budget allocated to specific CIP projects.

ANNUAL REPORT

Description of Impact Fee Programs

66006(b)(1)(A) and 66013(d)(1)

Pursuant to Chapter 21 of the Signal Hill Municipal Code (SHMC), the City has three development impact fee programs.

Traffic Impact Fee. Pursuant to Chapter 21.48 of the SHMC, all development projects which are not otherwise exempt pursuant to Section [21.04.050](#) shall be required to pay traffic impact fees.

Park and Recreation Impact Fee. Pursuant to Chapter 21.40, the applicant for any development project which results or will result in the construction of a) chargeable space and/or b) a residential housing unit, not otherwise subject to an exemption under this title, shall be required to pay a park and recreation impact fee.

Water System Impact Fee. Pursuant to Chapter 21.44, the applicant for any development project which consists totally or in part of commercial/industrial property and the applicant for any development project which includes any residential dwelling units shall be required to pay a water impact fee.

- 1. Traffic Impact Fee (SHMC 21.48.010).** The traffic fee is a means by which the city can collect funds for the acquisition, improvement, and expansion of street, parkway, thoroughfare, intersection, and other traffic and circulation improvements. This is intended to authorize the imposition of reasonable fees related to new development so that the burdens of installing public

improvements, the need for which is created by certain new development projects, and which will benefit certain land in addition to such development projects, will be required to be borne by all of the land so benefited.

2. **Park and Recreation Impact Fee (SHMC 21.40.010).** The park and recreation impact fee is a means by which the city can collect funds for the acquisition, improvement, and expansion of park and recreation facilities. This fee shall be known as the park and recreation impact fee. Pursuant to Chapter 21.40.020, the applicant for any development project which results or will result in the construction or reconstruction of chargeable space not otherwise subject to an exemption under this title shall be required to pay a park and recreation impact fee. Chargeable space is defined in Section 21.08.030 as follows:

"Chargeable space" means all of the square footage covered and enclosed within the perimeter of a commercial or industrial structure, not including garages, parking structures, outdoor walkways, utility or disposal areas, elevator shafts, or stairways.

3. **Water Impact Fee (SHMC 21.44.010).** The water impact fee provides a mechanism by which the city can finance the reasonable costs of constructing new water system facilities made necessary by development projects, through the imposition of water system connection charges. This fee shall be known as the water system connection charge.

Current Impact Fee Schedules

66006(b)(1)(B)

Traffic Impact Fee

The fee in effect during the fiscal year ending June 30, 2024, for Traffic are presented below in accordance with the Signal Hill Municipal Code (SHMC):

SHMC 21.48.040 Calculation of minimum traffic impact fee.

The minimum traffic impact fee (the "Minimum Traffic Impact Fee") established under this chapter shall be calculated in accordance with the provisions of this section as follows:

- A. Residential Uses. Traffic impact fees for residential uses shall be based upon the number of dwelling units and shall be equal to \$337.99 per dwelling unit.
- B. Industrial Uses. Traffic impact fees for industrial uses shall be based upon the chargeable space in square feet of the building and shall be equal to \$0.48 cents per square foot.
- C. Commercial Uses. Traffic impact fees for commercial uses shall be based upon the chargeable space in square feet of the building and shall be equal to the following:
 1. For high intensity commercial uses, the fee shall be \$4.00 per square foot. "High intensity commercial" shall include discount club, drive-through fast food restaurants, drive-through banks or savings and loans, and other commercial uses determined by the director of community development to be high-traffic generating commercial uses. Generally, such uses would be those projected to generate over six p.m. peak hour trips per one thousand square feet.
 2. For office uses, the fee shall be \$0.78 cents per square foot. "Office," as determined by the director of community development, shall generally include property used exclusively for professional offices, including accounting, architectural, engineering, insurance, legal, medical, dental, optometric and clinical.
 3. For all other commercial uses, the fee shall be \$2.00 per square foot.

SHMC 21.48.050 Alternate traffic impact fee.

- a. The minimum traffic impact fee calculated pursuant to Section 21.48.040 is intended to represent the fair and reasonable impact attributable to each new development calculated on a per-foot basis. However, due to variations in the intensity of commercial and industrial uses, it is necessary to provide an alternative method of fee calculation where the intensity of use will generate additional trips beyond those calculated pursuant to Section 21.48.040 to ensure all new development adequately contributes to new transportation improvements. Accordingly, notwithstanding Section 21.48.040, an alternate traffic impact fee of \$333.29 per peak hour trip (the "Alternative Fee") shall apply if the director of public works determines that a particular project's total p.m. peak hour trip generation is fifty percent or more above the p.m. peak hour trip generation which would typically be anticipated for the use. The p.m. peak hour trip generation rates published

in the manual shall be used to make the determination. Accordingly, the alternative fee will apply if the p.m. peak hour trip generation rates exceed the following:

1. Industrial Uses. If an industrial project will generate more than 2.16 p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.
 2. High Intensity Commercial Uses. If a high intensity commercial project will generate more than 18 p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.
 3. Office. If an office project will generate more than 3.51 p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.
 4. Commercial Uses. If a commercial project, other than a project determined to be a high intensity commercial or office project, will generate more than nine p.m. peak hour trips per one thousand square feet, then the applicant shall be charged the alternate traffic impact fee.
 5. Mixed Uses. Total project p.m. peak trip generation for mixed use development shall be determined by calculating the trip generation of each use in the project using the trip generation rates established in Section 21.48.040 above.
- b. Offset for Transportation Mitigation Measures. In the event the director of public works does determine that the alternative fee applies, the director of public works shall inform the applicant of such determination, the reasons therefor, and the calculation of the alternative fee. The applicant may then propose a transportation mitigation program (the "Mitigation Program"). The mitigation program may include an array of measures to reduce trips, modify trip profiles, alter the means of transportation, promote public transportation, construct, or contribute to additional infrastructure improvements, or other similar measures. The mitigation program must be long term and incorporated in a recorded covenant, agreement, or other agreement in a form approved by the city attorney. The director of public works shall determine the number of peak hour trips that should be credited against the alternative fee due to the implementation of the mitigation program, but in no event shall the fee be reduced below the minimum traffic impact fee.

Park and Recreation Impact Fee

The fee in effect during the fiscal year ending June 30, 2024, for Park and Recreation are presented below in accordance with the Signal Hill Municipal Code (SHMC):

SHMC 21.40.020 Fee for chargeable space.

The applicant for any development project which results or will result in the construction or reconstruction of chargeable space not otherwise subject to an exemption under this title shall be required to pay a park and recreation impact fee of thirty-five cents (\$0.35) per square foot of chargeable space, payable at the time of the final inspection or certificate of occupancy, whichever is later. This fee shall be adjusted each January from and after its effective date by the amount of increase in the consumer price index, "All Urban Consumers" for the preceding twelve-month period as published by the United States Department of Labor, Bureau of Labor Statistics for the Los Angeles-Anaheim-Riverside metropolitan area, or such other price index deemed approximate by city council in the event such consumer price index is discontinued. The annual adjustment shall be made in connection with the preparation and review of the city's annual budget.

(Ord. 91-06-1100 § 1 (part))

SHMC 21.40.030 Fee for residential units.

The applicant for any development project which results or will result in the construction of a residential housing unit, not otherwise subject to an exemption under this title, shall be required to pay a park and recreation impact fee of an amount as follows:

- Single-family dwelling unit \$11,200/unit
- Multifamily dwelling unit \$7,700/unit

Water System Impact Fee

The fee in effect during the fiscal year ending June 30, 2024, for Water System are presented below in accordance with the Signal Hill Municipal Code (SHMC):

SHMC 21.44.020 Commercial/industrial connection charge.

The applicant for any development project which consists totally or in part of commercial/industrial property shall be required to pay a water system connection charge of one dollar eighty-five cents (\$1.85) per square foot of chargeable space on the commercial/industrial portion at the time an

application for utility service is received by the city. This charge represents the reasonable pro rata share on a per square foot basis of additional water system facilities, and replacement water system facilities required as a result of new commercial/industrial development projects and the cost of obtaining additional water rights to service new commercial/industrial development.

SHMC 21.44.030 Residential connection charge.

- A. The applicant for any development project which includes any residential dwelling units shall be required to pay a water system connection charge thereof at the time an application for utility service is received by the city. This charge shall be based upon meter size and capacity, calculated from a proportionate share of the total additional water system facilities attributable to new residential development. This residential connection charge is calculated on the pro rata basis of the cost of providing new water system facilities, the proportionate share of replacement water system facilities caused by new residential development projects, and the cost of obtaining additional water rights to service new residential development.
- B. The specific amount of the water connection charge shall be as follows:

Meter Size	Connection Charge
5/8" - 3/4"	\$6,200
1"	\$10,400
1 1/2"	\$20,600
2"	\$33,000
3"	\$66,100
4"	\$103,400
6"	\$206,600
8"	\$330,600

SHMC 21.44.040 Adjustment to water system connection charge.

On an annual basis, and in connection with the preparation and review of the city's annual budget, the commercial/industrial connection charge and the residential connection charge shall be increased by any annual increase in the Construction Cost Index for Los Angeles, or the surrounding area as published in the Engineering News Record. Any further or other adjustments to either the commercial/ industrial connection charge or residential connection charge shall require an engineer's report, public hearing, and findings pursuant to Section 21.18.030.

Annual Financial Summary

Table 1

Annual Financial Summary

Statement of All Impact Fee Programs' Revenues, Expenditures, and Changes in Fund Balance For the Fiscal Year Ending June 30, 2024

	Fee Program		
	Traffic	Parks & Recreation	Water
Revenues			
Fees	158,407	140,103	782,091
Interest	48,111	52,922	24,056
Other	-	-	-
Total Revenues	206,518	193,025	806,147
Expenditures			
Capital Improvements	67,937	406,633	-
Other	-	-	-
Total Expenditures	67,937	406,633	-
Revenues over Expenditures	138,581	(213,608)	806,147
Beginning Fund Balance	841,952	965,608	241,053
Ending Fund Balance	980,533	752,000	1,047,200

Traffic Impact Fee Fund

The following tables respond to Government Code Section 66006(b)(1)(C), (D), and (E) for the Traffic Impact Fee Program.

Table 2
Traffic Improvement Impact Fee Fund
Statement of Revenue, Expenditures, Changes in Fund Balance
and History of Expenditures
Ending June 30, 2024

	FY 2023/24
Revenues	
Fees	158,407
Interest	48,111
Other	
Total Revenues	206,518
Expenditures	
Capital Improvements	67,937
Other	
Total Expenditures	67,937
Revenues over Expenditures	138,581
Beginning Fund Balance	841,952
Ending Fund Balance	980,533

	History of Expenditures		
Improvement Name	FY 2023/24	Total Project Costs	% of Total Project Costs
Willow Street Corridor	35,295	300,000	11.77%
Redondo & 20th St Traffic Signal	32,642	627,714	5.20%
Total Capital Expenditures	67,937		

Park and Recreation Impact Fee Fund

The following tables respond to Government Code Section 66006(b)(1)(C), (D), and (E) for the Park and Recreation Impact Fee Program.

Table 3
Park and Recreation Improvement Impact Fee Fund
Statement of Revenue, Expenditures, Changes in Fund Balance,
and History of Expenditures
Ending June 30, 2024

	FY 2023/24
Revenues	
Fees	140,103
Interest	52,922
Other	-
Total Revenues	193,025
Expenditures	
Capital Improvements	406,633
Other	
Total Expenditures	406,633
Revenues over Expenditures	(213,608)
Beginning Fund Balance	965,608
Ending Fund Balance	752,000

	History of Expenditures		
Improvement Name	FY 2023/24	Total Project Costs	% of Total Project Costs
Civic Center Master Plan - Design	50,000	250,000	20.00%
Hillbrook Park	356,633	2,038,173	17.50%
Total Capital Expenditures	406,633		

Water System Impact Fee Fund

The following tables respond to Government Code Section 66006(b)(1)(C), (D), and (E) and Section 66013(d)(2), (3), and (4)(A) and (B) for the Water System Impact Fee Program.

Table 4

Water System Improvement Impact Fee Fund

**Statement of Revenue, Expenditures, Changes in Fund Balance, and History of Expenditures
 Ending June 30, 2024**

	FY 2023/24
Revenues	
Fees	782,091
Interest	24,056
Other	
Total Revenues	806,147
Expenditures	
Capital Improvements	-
Other	
Total Expenditures	-
Revenues over Expenditures	806,147
Beginning Fund Balance	241,053
Ending Fund Balance	1,047,200

	History of Expenditures	
Improvement Name	FY 2023/24	Total Project Costs
Total Capital Expenditures	-	0.00

Approximate Date of Construction

GC 66006(b)(1)(F)

Government Code Section 66006 (b) (1) (F) of the Mitigation Fee Act 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. The City has determined that there are nine public improvements for which sufficient funds have been collected to complete financing.

Traffic Impact Fees:

- 1. Willow Street Corridor Design Costs – to improve congestion relief and for major intersection improvement**
 1. Funded with Traffic Impact fee revenue.
 2. Design Costs began in FY 2021/22 and estimated to be completed by FY 2025/26.
- 2. California and 27th Street - street widening project to improve congestion**
 1. Funded with Traffic Impact fee revenue and general funds.
 2. Design costs began in FY 2020/21 and estimated to be completed by FY 2024/25.
- 3. Redondo and 20th Traffic Signal – to design new signalized intersection**
 1. Funded with Traffic Impact fee revenue, Measure M, and LACMTA funds.
 2. Project started and estimated to be completed by FY 2024/25.
- 4. Local Roadway Safety Projects (LRSP) – to comply with LRSP’s study safety requirements**
 1. Funded with Traffic Impact fee revenue, grants, and general funds.
 2. Estimated to start in FY 2024/25 and to be completed by FY 2025/26.
- 5. City-Wide Street Signs – to update all street signs city-wide**
 1. Funded with Traffic Impact fee revenue.
 2. Estimated to be completed in FY 2024/25.

Park Development Impact Fees:

6. Reservoir Park – new fence construction

1. Funded with Park Impact fee revenue.
2. Estimated to be completed by FY 2024/25

7. Hillbrook Park – major park area replacement and renovation

1. Funded with Park Impact fee revenue, Measure A, Measure W, grants, and general funds.
2. Project started and estimated to be completed by FY 2024/25.

8. Civic Center Master Plan – a study to redesign the City’s Civic Center campus including the amphitheater

1. Funded with Park Impact fee revenue and general funds.
2. Design costs began in FY 2023/24 and estimated to be completed by FY 2024/25.

9. City-Wide Park Design & Maintenance Master Plan - a study to prepare a master plan for all city parks, assessing each park and identifying maintenance requirements

1. Funded with Park Impact fee revenue.
2. Estimated to be completed by FY 2025/26.

Water Development Impact Fees:

None

Interfund Transfers or Loans

66006(b)(1)(G) and 66013(d)(5)

Section 66006 (b) (1) (G) of the Mitigation Fee Act requires 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 terms of the loan, including the repayment schedule for the loan, and the rate of interest that the account or fund will receive on the loan.

In the fiscal year ended June 30, 2024, there were no interfund transfers or loans made from any of the impact fee funds.

Summary of Refunds

66006(b)(1)(H)

Section 66006 (b) (1) (H) of the Mitigation Fee Act requires a summary of any refunds made, and their respective amount, due to sufficient funds being collected to complete financing of scheduled public improvements and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

At this time, all fees collected have been earmarked for current or future capital projects necessary to maintain the current levels of service to serve new development.