

Agenda Report

August 1, 2022

TO: Honorable Mayor and City Council
FROM: Public Works and Transportation Departments
**SUBJECT: ORDINANCES AMENDING TITLE 4 (REVENUE AND FINANCE)
SECTION 4.17.050 AND SECTION 4.19.040 OF PASADENA
MUNICIPAL CODE RELATED TO TIME OF COLLECTION OF
RESIDENTIAL IMPACT FEE AND TRAFFIC REDUCTION
AND TRANSPORTATION IMPROVEMENT FEE**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the actions proposed herein are exempt from the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. Direct the City Attorney to prepare an ordinance within 60 days to amend Pasadena Municipal Code Section 4.17.050 related to the time of collection of the Residential Impact Fee; and
3. Direct the City Attorney to prepare an ordinance within 60 days to amend Pasadena Municipal Code Section 4.19.040 related to time of collection of the Traffic Reduction and Transportation Improvement Fee.

BACKGROUND:

In 1981, the City established a Development Impact Fee to help mitigate the traffic impacts of new commercial and industrial development on the City's transportation infrastructure. The fee was used to pay capital expenditures for traffic control, transportation management projects, and street improvements including storm drains. In November 2006, following the adoption of the 2004 General Plan Update, the City adopted the Traffic Reduction and Transportation Improvement Fee (TR/TIF) as a replacement for the Development Impact Fee.

Residential Impact Fees (RIF) were established in 1988 with the goal of mitigating development by requiring developers to contribute funds toward parks, park facilities,

and green space projects. Through the PMC 4.17.050, the City must also conduct a Nexus study every five years to establish the nexus between the fee and the usage as well as determine the rate of the fees.

Both impacts fees are supported by a nexus study consistent with the requirements of the Mitigation Fee Act (AB 1600 enacted in 1987 and codified in California Government Code Section 66000 et seq.) which governs development impact fees in California.

In September 2021, Assembly Bill 602 (AB 602) was approved and signed into law to amend the Mitigation Fee Act. Among other things, AB 602 changes the requirements for conducting nexus studies and specifies when a city or County can request payment of impact fees.

An amendment to the City's existing ordinances is needed to modify the time of collection of the impact fees. The amended ordinances will memorialize compliance with AB 602 legislation, which requires the collection of impact fees and exactions associated with a project upon the issuance of a certificate of occupancy or the final inspection, whichever occurs last. Currently, both City ordinances dictate that the impact fees shall be paid prior to the issuance of any building permit for new development.

The current ordinance for the RIF also specifies that the fees shall be reviewed no less than once every five years. This review consists of a Nexus study that is presented to City Council. AB 602 requires the Nexus Study to take place once every eight years.

The current ordinance for the TR/TIF also references fee amounts by land use type from 2017 which was the last time the ordinance was amended. To avoid any discrepancy in noticing the amount of the fee to the public, the fees noted in the ordinance will be revised to reflect the City Council adopted FY23 Schedule of Taxes, Fees, and Charges.

COUNCIL POLICY CONSIDERATION:

The proposed amendments to Ordinances for the RIF and TR/TIF is consistent with the City Council goals to Maintain Fiscal Responsibility and Stability; Improve, Maintain and Enhance Public Facilities and Infrastructure; and Improve Mobility and Accessibility throughout the City.

ENVIRONMENTAL ANALYSIS:

The project has been reviewed for compliance with the CEQA and is exempt per Section 15061(b)(3). The project is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The proposed action pertains to changing the time of collection of impact fees. Appropriate CEQA review will be conducted if and when a development application is submitted for a particular development project.

FISCAL IMPACT:

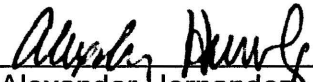
The change in time for collection of the impact fees will delay receipt of those fees by the City between 1-2 years as development projects complete construction. While several capital projects will receive funding from both impact fees in FY23, forecasts will be adjusted to determine availability of funding for future capital projects.

Respectfully submitted,



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