



## Legislation Text

**File #:** 15-1467, **Version:** 1

Community Development Agency, Development Services Division, recommending the Board:

- 1) Receive and file the Annual Reports for Fiscal Year 2014/15 for the Ecological Preserve Fee and Oak Woodland Conservation Fee Programs in compliance with California Government Code Section 66006;
- 2) Authorize the Chair to sign a budget transfer allowing corrections to be made to prior year expenditures and revenues for the Ecological Preserve Fee program. (4/5 vote required);
- 3) Adopt 5 year findings for the Ecological Preserve Fee in compliance with California Government Code Section 66001(d); and
- 4) Adopt 5 year findings for the Oak Woodland Conservation Fee in compliance with California Government Code Section 66001(d).

**FUNDING:** Ecological Preserve Fees and Oak Woodland Conservation Fees.

### **DEPARTMENT RECOMMENDATION**

Community Development Agency (Agency), Development Services Division, recommending the Board: 1) Receive and file the Annual Reports for Fiscal Year (FY) 2014/2015 for the Ecological Preserve Fee and Oak Woodland Conservation Fee Programs in compliance with California Government Code Section 66006; 2) Authorize the Chair to sign a budget transfer allowing corrections to be made to prior year expenditures and revenues for the Ecological Preserve Fee program (4/5 vote); 3) Adopt 5 year findings for the Ecological Preserve Fee in compliance with California Government Code Section 66001(d); and 4) Adopt 5 year findings for the Oak Woodland Conservation Fee in compliance with California Government Code Section 66001(d).

### **DISCUSSION / BACKGROUND**

Pursuant to Section 66006 of the California Government Code, the County is required to make available to the public specific information related to the prior year's activity for the County's mitigation fee programs. Attachments A, B, C and D provide the information required by Section 66006 for the County's Ecological Preserve Fee and Oak Woodlands Mitigation Fee programs:

Attachment A - A brief description of the fee programs (Section 66006(b)(1)(A))

Attachment B - Fee schedules (Section 66006(b)(1)(B))

Attachment C - Cash statement

- The beginning and ending balance of the accounts (Section 66006(b)(1)(C)),
- The total fees collected (Section 66006(b)(1)(D)),
- Total interest earned in the funds (Section 66006(b)(1)(D)),
- Identification of expenditures for the accounts (Section 66006(b)(1)(E)), and
- Total refunds and other adjustments (Section 66006(b)(1)(H)).

Attachment D - Budget Transfer

- A description of each interfund transfer (Section 66006(b)(1)(G))

Section 66006(b)(1)(F) requires an identification of an approximate date by which the construction of the public improvement will commence. The Ecological Preserve Fee and Oak Woodland Conservation Fee Programs are designed to acquire land for mitigation and do not include construction of public improvements. Therefore, there is no approximate date by which construction of a public improvement would commence and no information to disclose in the annual report.

California Government Code Section 66001(d) requires the following findings be made at five year intervals with respect to any unexpended funds in the accounts.

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

When five-year findings are required, they must be made in connection with the annual report required by Government Code 66006. The Annual Report for Fiscal Year 2014/15 identifies that there are unexpended amounts remaining in the Ecological Preserve Program and Oak Woodland Conservation Program; therefore, staff recommends the Board adopt the findings in Attachment E (Ecological Preserve Program Findings) and Attachment F (Oak Woodland Conservation Program Findings).

A thorough analysis of both programs' financial histories was performed in order to verify compliance with the originating documents for each program. The Oak Woodlands Conservation Fund was found to have been consistent with the intent of the founding legislation, but the Ecological Preserve Fee program needed revenue corrections to comply with the formulas used to calculate the fee in Resolution 205-98 and expenditure corrections were necessary to move costs into the appropriate funding account.

Since the beginning of the Ecological Preserve Fee program, approved in 1998, the fee revenue has been distributed in the following percentages:

- 55% - For land purchases and interest on loans for land purchases - to 7729304 (special revenue fund)
- 42% - For operation and maintenance of the preserve lands - to 8959500 (endowment fund)
- 3% - For program administration - split evenly between 341000 (Building operating fund) and 345000 (Planning operating fund)

Further analysis of Resolution 205-98 (used to calculate the fees for the Ecological Preserve Fee) concluded that the percentages for distribution should be:

- 57.33% - For land purchases and interest on loans for land purchases - to 7729304 (special revenue fund)
- 41.50% - For operation and maintenance of the preserve lands - to 8959500 (endowment fund)

1.17% - For program administration - split evenly between 341000 (Building operating fund) and 345000 (Planning operating fund)

The historical fee revenue of the program has been recalculated using the correct percentages and a correcting journal is proposed to be posted in FY 2015/16. The corrections will be included on the annual report for this program for FY 2015/16.

The analysis found that some of the past expenditures for the Ecological Preserve Fee Program were paid out of the incorrect fund. One deposit of a refund for an overpayment of land costs was also incorrectly deposited into the wrong fund. Resolution 205-98 and its supporting documentation directed that all land purchase and interest costs should be paid out of the special revenue account, all operation and maintenance costs for the preserve lands should be paid out of the endowment fund, and all administrative costs should be paid out of the Building and Planning operating funds. Corrections are proposed and will also be included in the annual reports for FY 2015/16.

In order to post some of these revenue and expenditure corrections, a budget transfer is necessary to move budgeted appropriations between classes of expenditures and revenues in the special revenue fund and the Building and Planning operating funds, as well as a slight increase (approximately 2%) in projected Building permit fee revenue to cover a portion of the prior year expenditures which should have been paid by the Building and Planning operating funds in prior years.

Once these revenue and expenditure corrections are posted, the Ecological Preserve Fee program will be in compliance with the formulas in the supporting documentation for Resolution 205-98. The correct distribution percentages will be used for future fee revenue until the current program is updated.

The Community Development Agency has posted the annual report information contained in Attachments A through D to the Development Services Division's website to comply with the 15 day public notice requirement of Section 66006(b)(2).

## **ALTERNATIVES**

N/A

## **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

N/A

## **CAO RECOMMENDATION**

Chief Administrative Office recommends moving staff's recommendations.

## **FINANCIAL IMPACT**

The annual reports are informational and have no associated fiscal impact or change to Net County Cost.

The proposed budget transfer will allow for the correct recordation of program revenues and expenses. Increased expenses to the Development Services Division will be offset by recognizing increased permit revenue, which is consistent with current projections for FY 2015/16 activity. There is no impact to Net County Cost.

**CLERK OF THE BOARD FOLLOW UP ACTION**

Clerk of the Board shall obtain the Board Chair's signature on the budget transfer and forward to the Auditor/Controller for posting.

**STRATEGIC PLAN COMPONENT**

Good Governance

Financial Stability

**CONTACT**

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