

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Executive Office

**SUBMITTAL DATE:**  
September 26, 2013

**SUBJECT:** Adoption of Ordinance 659.12, amending Ordinance No. 659 and Chapter 4.60 of the Riverside County Code establishing Development Impact Fees (DIF) to Extend the DIF Temporary Fee Reduction Retroactive to July 1, 2013 [\$126,000-\$400,000]

**RECOMMENDED MOTION:** That the Board of Supervisors:

- 1) Adopt Ordinance 659.12, temporarily reducing Development Impact Fees by 50%, commencing retroactively to July 1, 2013, and;
- 2) Direct the Executive Office to begin the process to adopt the DIF Nexus Update for an effective date no later than January 2014.

**BACKGROUND:**

**Summary**

On October 8, 2013 (Item 3-5) Ordinance 659.12 was introduced. Approval of this item will adopt Ordinance 659.12 which will extend the reduction in the County's Development Impact Fee (DIF) Program fees to 50%, effective retroactively to July 1, 2013, in accordance with the Board's direction on Item 3-103 approved on September 10, 2013.

Continued on Page 2 of 3

*Serena Chow*  
\_\_\_\_\_  
Serena Chow  
Principal Management Analyst

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 126,000-400,000	\$	\$ 126,000-400,000	\$	Policy
NET COUNTY COST	\$	\$	\$	\$	
SOURCE OF FUNDS: DIF various sub-funds				Budget Adjustment: No	
				For Fiscal Year: 13-14	

**C.E.O. RECOMMENDATION:** The range of anticipated refund amounts are at minimum \$126,000 with a potential refund/revenue loss of \$400,000 based on the monthly average of actual DIF fee receipts in FY 13-14.

**APPROVE**

**County Executive Office Signature**

BY: *Ivan M. Chand* 10/17/2013  
\_\_\_\_\_  
Ivan M. Chand

**MINUTES OF THE BOARD OF SUPERVISORS**

A-30  
 Positions Added  
 Change Order  
 4/5 Vote  
**FORM APPROVED COUNTY COUNSEL**  
 10-17-13  
 DATE  
 BY: *Anita C. Willis*  
 ANITA C. WILLIS

**Prev. Agn. Ref.:** 3-5 10/8/13

**District:** ALL

**Agenda Number:**

**3-9**

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**FORM 11:** Adoption of Ordinance 659.12, amending Ordinance No. 659 and Chapter 4.60 of the Riverside County Code establishing Development Impact Fees (DIF)

**DATE:** September 26, 2013

**PAGE:** Page 2 of 3

**BACKGROUND:**

**Summary (continued):**

The County's DIF program was created in 2001 in order to establish fees, assessed on new development only, which the County would collect in order to construct the public facilities (jail beds, roads, traffic signals, regional parks, trails, fire and other governmental facilities, etc.) needed to support growth in the residential, commercial, and industrial sectors.

The County implemented a 50% reduction in the DIF fees in August 2009 to temporarily lower development costs, as a policy tool to help stimulate growth and development activity during the recession. This temporary reduction was extended on several occasions and subsequently expired on June 30, 2013. It was anticipated that a comprehensive update to the DIF, including a revised fee structure, would be brought before the Board for consideration by that time. The fee update is currently under review by our non-County stakeholders and the revised fee structure is expected to begin the adoption process in the next few weeks for an effective date of January 2014.

**Impact on Residents and Businesses**

The 50% reduction in DIF fees will help those permit applicants who have been awaiting an improved construction climate to move forward with their construction projects.

As of September 16, the refund would immediately affect nine (9) applicants who have paid the 100% fee since July 1, 2013 with approximately \$51,000 to be refunded. An additional estimated amount of \$75,000 from other known projects in process may elect to pay the 100% fee before this Ordinance takes effect for a total of \$126,000 in known refunds. The average monthly fee revenue for FY 12-13 was \$400,000. Therefore the magnitude of refunds or savings to permit applicants is from \$126,000 to \$400,000; however this also represents a revenue shortfall for capital infrastructure. This Ordinance would take effect 30 days from Board adoption.

**SUPPLEMENTAL (if needed, OR delete this section):**

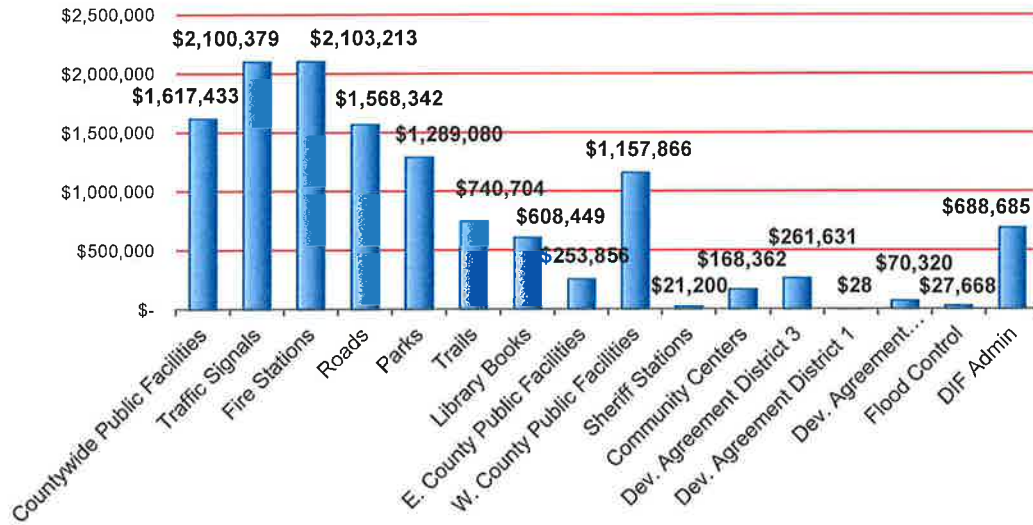
**Additional Fiscal Information**

To date, the temporary DIF reduction has resulted in a revenue loss is \$12,677,216 since the first fee reduction became effective August 20, 2009. Funding for development-related facilities has already been impacted due, in part, to this temporary reduction. It has resulted in a transfer of fiscal responsibility to the general fund to backfill the infrastructure needs from new development. As more development occurs, the burden on the general fund will continue for needed capital projects that would otherwise be funded by DIF.

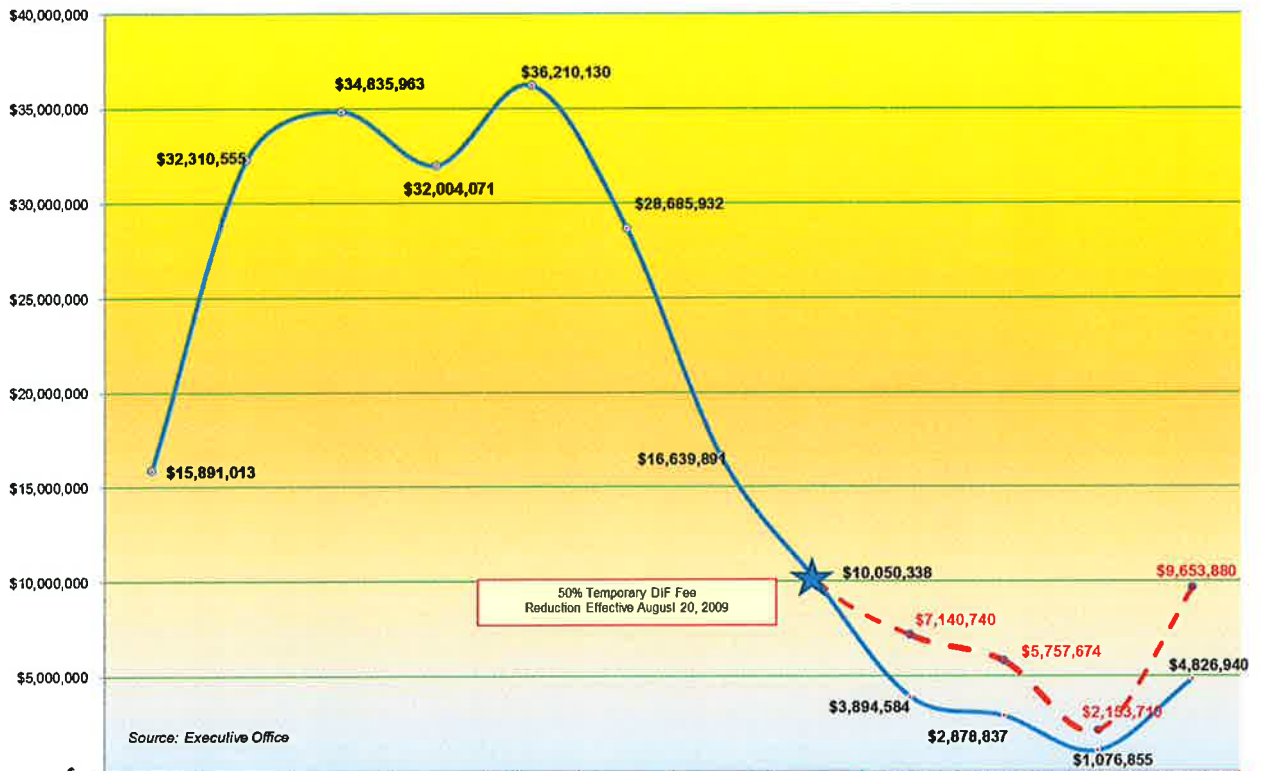
Some DIF trust fund balances have been drawn down to levels insufficient to support new projects. These include: eastern county library books and regional trails; western county regional trails; road improvements in Highgrove, Woodcrest, Reche Canyon, Desert Center, and Southwest; and flood control facilities. The administration of the DIF program is operating on a loan from the General Fund for the fiscal year 2013-2014.

The chart below illustrates the DIF fee reduction losses in each capital category. Beginning in fiscal year 2011-2012, new development began to increase, as indicated by increasing DIF fee revenues.

**DIF Fee Reduction Losses**  
**September 1, 2009 through June 30, 2013**  
**\$12,677,216**



Fee revenues reflect the pace of new development. The year-to-year comparison of DIF fee revenues indicates that the growth of new development is nearing a pace similar to that of fiscal year 2008-2009.



	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
DIF Revenues (100% DIF Fee)	\$15,891,013	\$32,310,555	\$34,835,963	\$32,004,071	\$36,210,130	\$28,685,932	\$16,639,891	\$10,050,338	\$7,140,740	\$5,757,674	\$2,153,710	\$9,653,880
Actual DIF Revenues	\$15,891,013	\$32,310,555	\$34,835,963	\$32,004,071	\$36,210,130	\$28,685,932	\$16,639,891	\$10,050,338	\$3,894,584	\$2,878,837	\$1,076,855	\$4,826,940

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ORDINANCE NO. 659.12

AN ORDINANCE OF THE COUNTY OF RIVERSIDE  
AMENDING ORDINANCE NO. 659  
AND CHAPTER 4.60 OF THE RIVERSIDE COUNTY CODE  
ESTABLISHING DEVELOPMENT IMPACT FEES

The Board of Supervisors of the County of Riverside ordains as follows:

Section 1. Section 15. of Ordinance No. 659 is amended to read as follows:

“**Section 15. TEMPORARY REDUCTION OF FEES.** Pursuant to the fee adjustment authority set forth in Section 14. of this ordinance and notwithstanding Section 7. or any other provision of this ordinance, the DIF amounts in effect on the effective date of Ordinance No. 659.12 shall be temporarily reduced by fifty percent (50%) commencing retroactively on July 1, 2013.

a. Application. The temporary fee reduction described in this section shall not apply to or affect fees owed under any development agreement or other contractual arrangement in effect on or before the effective date of Ordinance No. 659.12. If reduced fees are paid at the time application is made for a building permit and either the application or the building permit issued on the application expires, subsequent building permit applications on the same parcel shall be subject to the full DIF amount, unless the temporary fee reduction is still in effect at the time of the subsequent application.

b. Effect. The provision of this section shall entitle any person who has already paid Development Impact Fees between July 1, 2013 and the effective date of this ordinance to receive a refund, credit or reimbursement of such payment. This ordinance does not create any new Development Impact Fees or increase the

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amount of any existing Development Impact Fees. This ordinance only effects a reduction in the County's existing Development Impact Fees."

Section 2. This ordinance shall take effect thirty (30) days after its adoption.

BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

By: \_\_\_\_\_  
John Benoit, Chairman

ATTEST:

CLERK OF THE BOARD:

By: \_\_\_\_\_  
Deputy

(SEAL)