Amended – Recommendation Revised

STAFF REPORT

COMMUNITY DEVELOPMENT

DATE: June 7, 2022

TO: Justin Hess, City Manager

FROM: Patrick Prescott, Community Development Director
VIA: David Kriske, Assistant Community Development Director
BY: Beverly Ibarra, Senior Administrative Analyst

SUBJECT: Introduction of an Ordinance Amending Title 10, Chapter 1, Article 22 of the Burbank Municipal Code to Update Community Facility Fees (Project No. 22-0002020)

RECOMMENDATION

Introduce AN ORDINANCE OF THE COUNCIL OF THE CITY OF BURBANK AMENDING BURBANK MUNICIPAL CODE TITLE 10, CHAPTER 1, ARTICLE 22, ~~OF THE BURBANK MUNICIPAL CODE~~ (ATTACHMENT 1) ~~TO UPDATE~~ RELATED TO COMMUNITY FACILITY FEES (Project No. 22-0002020).

BACKGROUND

Since 2020 the City Council has received information and given policy direction to staff to undertake a comprehensive update of the City's Development Impact Fee (DIF) program. DIFs are fees assessed on new development to help pay their fair share of the cost for City infrastructure impacted by that new development. DIFs must be assessed such that the fees charged to the new development are proportional to the impacts to existing or planned infrastructure. A nexus study must be prepared to determine a reasonable relationship between the fee's use and the type of development project on which the fee is charged.

Under the California Mitigation Fee Act (Government Code Section 66000 and following), cities and counties have the authority to implement DIFs. This allows cities and counties to collect funds from new development projects to cover public infrastructure, facilities, improvements, service, and community amenity costs impacted by those new developments. DIFs are prohibited from funding operation and maintenance and cannot be collected or used to cover existing capital or infrastructure deficiencies.

The City originally adopted the current DIF provisions by City Ordinance No. 3340 in 1993, which addressed impacts to Libraries, Parks, Police, and Fire and Transportation facilities through impact fees imposed on new developments. The DIFs were based on two studies that provided the reasonable relationship, or nexus, between the fee and purpose of the fee and how they addressed certain impacts:

- A Community Facilities Study, which identified Library, Parks and Recreation, Police and Fire infrastructure needed to support new development; and
- A Transportation Study (called the Infrastructure Blueprint) which identified a list of improvements needed to address transportation and traffic growth caused by new development.

The City of Burbank currently imposes DIFs on all new development to fund transportation projects and certain community facilities (including Parks and Recreation, Police, Library, and Fire) that are needed to offset impacts caused by new development[1]. The City collects DIFs at the time building permits are issued. These funds are then held in a DIF fund to be used to construct the necessary improvements in the future.

The City's current DIF program has been instrumental in ensuring that the City's transportation system and community facilities grow along with the new development that impacts these facilities. The City uses a range of funding sources to pay for community facilities and transportation improvements. DIFs are only one source of funding and represent the share of the cost to offset the impacts generated by new development. For several City infrastructure projects (particularly transportation projects), DIFs provided local funding leverage to help the City secure much larger grants and other funding assistance for the projects. With DIFs, the City's community facilities and transportation system have been able to grow to accommodate needs caused by new development.

While the DIF program has continued to fund needed infrastructure improvements related to new development for nearly 30 years, significant changes have occurred since the fees were originally adopted. Most importantly, the City Council adopted the Burbank2035 General Plan in 2013, which updated the City's land use and transportation goals and policies, as well as the City's land use growth forecasts and the transportation improvements needed to support that growth. In addition, many of the infrastructure improvements identified in the original nexus study have been completed, while some of these improvements are no longer relevant given the updated goals and policies adopted in the General Plan. While the City's DIFs have been updated each year to account for inflation, a comprehensive review of the infrastructure and costs needed to support new development is warranted since the original program's adoption. For these reasons, staff recommends the City Council consider an update to the DIF program.

In developing an updated DIF program, staff has held several meetings with the City Council and the community to seek input on the DIF program update:

---

[1] Certain categories of infrastructure improvements, like water, sewer, storm drain, and electrical system improvements, are not funded by DIFs but instead are funded through other user fees, development charges, and funding programs.

- A study session with City Council was held in February 2020 to provide general information on DIFs and to provide an update on the status of the City's DIF nexus study. At this study session, the City Council requested further information about the DIF program and its impact on different types of development. The February 2020 staff report is included as Attachment 3.

- On December 14, 2021, staff presented a report to provide additional information including public benefits provided from recent development projects, a comparison of Glendale and Pasadena's DIFs, and to evaluate current and potential DIFs generated from medium- to higher-density projects to illustrate how different fees could affect other goals, policies, and revenue sources. The December 2021 staff report is included as Attachment 3.

- On April 6, 2022, staff held a virtual city-wide community meeting to discuss the proposed update to the DIF program. The meeting included an overview of the DIFs, discussion on the recommendations contained in this report, answers to any questions, and note of public comments.

<u>Planning Board Recommendation</u>
Because DIFs are included in the City's Zoning Code, staff presented the proposed DIF program update to the Planning Board to seek their recommendation and to collect additional public input. A Planning Board hearing was held on May 9, 2022, to consider the proposed updates to the City's DIF ordinance (Attachment 4). At the meeting, staff recommended that the DIF ordinance be updated to account for land use policies and forecasts in the Burbank2035 General Plan, as well as the anticipated infrastructure improvements needed to accommodate this growth. Staff presented the recommended fee levels presented in this report that incorporate staff's recommended policy considerations.

Following the report, the Planning Board expressed the need for more frequent updates to the DIF program in the future to support changing infrastructure needs and costs. Staff is recommending that the City Council consider subsequent updates upon adoption of the three forthcoming specific plans currently under development (Golden State Specific Plan, Downtown TOD Plan, and Media District Specific Plan) if those specific plans identify additional needed infrastructure to support those plans. Additionally, new State law requires an updated nexus study every 8 years therefore regular DIF updates will be required under State regulations. Provided this information, Planning Board considered staff's recommendation and, after deliberation, voted 4-0 and approved recommending to the City Council the proposed updates to the DIF ordinance (Attachment 5).

With the inclusion of the policy direction and input provided through these various meetings, staff now presents recommended changes to the DIFs that would allow the City Council to update this important funding program to account for policy changes and assumptions made since 1993. This report provides a review of the proposed new DIF program, identifies recommended fee levels, and presents a draft Ordinance that, if adopted, would allow the City Council to update its DIFs.

DISCUSSION

Impact Fee Update

As previously discussed, the level of development expected over the next 20-25 years and the types of infrastructure projects the City expects to build to address that development have changed. Thus, staff believes an important part of the DIF update is to revise the list of infrastructure projects eligible for funding by DIFs, particularly to account for the City Council's desire to include more multi-modal bicycle, pedestrian, and transit projects in the City's Capital Improvement Program. Accordingly, the DIF program needs be updated to include the revised growth forecasts adopted with the Burbank2035 General Plan. Therefore, staff undertook a comprehensive update to the City's DIF program and reviewed the infrastructure needed by the City to support the growth forecasts in the General Plan.

Nexus Study

The City hired the consulting team of Economic Planning Systems (EPS), with Fehr and Peers providing the transportation analysis component, to conduct a nexus study that identified the purpose of the fees, the use of the fees, the reasonable relationship between the fee and facility or project for which the fee is imposed, and to support new fees or updated fees within the City's DIF program. Pursuant to the Mitigation Fee Act, the Nexus Study (Attachment 7) was designed to provide the City with the necessary analysis to support an update to the DIF program, including the associated fee calculations for the fees the City is legally entitled to that addresses the impacts to existing facilities.

As a result of the Nexus Study, the proposed DIF program includes updates to the City's existing fee categories and adds an Information Technology (IT) fee for citywide IT capital improvement needs. The IT fee analysis was included to account for technological advancements related to infrastructure and the increased reliance on technology.

Methodology

In general, each fee category used the following methodology to calculate the nexus-supported fee amounts that may be charged:

1. Staff and consultants referred to the Burbank2035 General Plan, which is the blueprint for the future development of the City, to estimate existing and future population and employment;
2. Staff provided a list of their department's new capital improvements needed to serve both existing and future residents and employees during the General Plan horizon year;
3. Staff and consultants developed cost estimates for the projected capital needs;
4. Consultants allocated the costs between existing and new development to determine the DIF share;
5. Consultants distributed the costs further among residential and non-residential uses;
6. Consultants calculated cost per resident or employee. This calculation provides the maximum fee that can be justified by the Nexus Study;

7. The City included a 5% administrative fee to address the cost of administering the DIF program according to the Nexus Study.

This methodology provided the necessary technical analysis to support the DIF program update. It is important to note that the fees calculated by the study justifies the fees that can be charged by the City based on the projected new development and the needs and corresponding costs of the capital facilities and improvements needed to accommodate it, but the City can exercise its discretion to charge less than the fee it may legally collect. For example, charging the highest fee justified by the Nexus Study may not necessarily support other important City goals or objectives such as business development or the need to facilitate the development of new housing at various levels of affordability, or doing so could reduce the ability to require developments to provide other categories of community benefits. The City Council may wish to adopt fees at or below these nexus-supported levels based on economic, policy, or other considerations.

Nexus Study Findings

Based on the Nexus Study, if the City charged the maximum fee levels, new development would account for about 30% of the total improvements costs identified by each Department to serve the City through 2035. The analysis showed that the cost needed to fund Capital Facilities and equipment necessary to accommodate projected growth totaled approximately $45 million. Additionally, a projected $90 million in Transportation improvements is needed to accommodate projected future impacts supporting vehicle, transit, pedestrian, and bicycle modes as a result of new development. The City must find other revenue sources, such as grants or the General Fund, to cover the remaining costs. Using the infrastructure costs attributable to new development and the projected growth in the Burbank2035 General Plan, the Nexus Study determined the per-square foot or per-unit fee that may be legally charged for each fee category. These fees are shown in Table 2.

Table 2: Maximum Fee Levels by Land Use Type[2]

	Residential Uses (per dwelling unit)	
Community Facilities	Single-Family	Multi-Family
Fire	$502	$394
Police	$384	$302
Parks	$2,786	$2,189
Library	$1,888	$1,483
IT (New)	$454	$356
Transportation DIF	$10,514	$4,362
TOTAL MAX FEE LEVEL	**$16,528**	**$9,086**
Current FY 21-22 Fee	$3,060	$2,264

[2] Fees include 5% administrative fee.

Table 2: Maximum Fee Levels by Land Use Type (continued)

Community Facilities	Non-Residential Uses (per sq. ft. or room)				
	Retail (/sq. ft.)	Office/ Institutional (/sq. ft.)	Studio (/sq. ft.)	Warehouse/ Industrial (/sq. ft.)	Lodging (/room)[3]
Fire	$0.28	$0.46	$0.31	$0.28	$53.00
Police	$0.27	$0.45	$0.30	$0.27	$52.00
Parks	$1.99	$3.28	$2.18	$1.99	$374.00
Library	$0.81	$1.34	$0.89	$0.81	$153.00
IT (New)	$0.32	$0.53	$0.35	$0.32	$61.00
Transportation DIF	$26.62	$16.11	$9.62	$3.80	$6,599.00
TOTAL MAX FEE LEVEL	**$30.29**	**$22.17**	**$13.65**	**$7.47**	**$7,292.00**
Current FY 21-22 Fee	$8.35	$9.29	$7.79	$4.94	$4,174.00

As discussed above, the Nexus Study calculates the fees that the City can charge under the Mitigation Fee Act (Government Code Section 66000 and following), based on impacts to infrastructure needs based upon expected growth.

This represents the allowable amount that may be charged, as justified by the nexus study, but does not take into account other considerations the City might keep in mind when establishing fees. These considerations include:

- Guiding policy considerations adopted by City Council,
- City's Cost Recovery Policy, and
- Maintaining market competitiveness with neighboring cities.

These additional considerations are discussed in more detail below.

City Council-adopted Policy Considerations

While the Nexus Study supports the allowable fee that may be charged, the City has discretion to charge less. Staff recommends that the City Council consider the following three policy criteria when considering where to set fees for the DIF program update:

- **Align** fee levels with City goals - DIFs should align with the City's larger goals of facilitating housing production, retaining and protecting the growth of media production, office, and industrial sectors, and should ensure that new fees are consistent with the City's fiscal policies. They should also maintain the City's market competitiveness for new growth within the region.

- **Balance** fee increases with building neighborhoods - DIFs mitigate the impacts of new development and fund needed public facilities and infrastructure to maintain

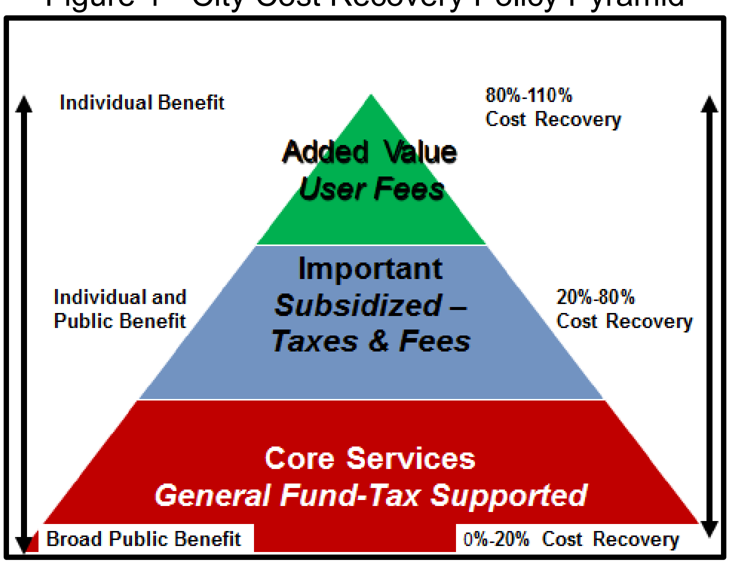
[3] Hotel projects are currently charged the retail impact fee based on the total square feet of the hotel. The proposed separate new fee on hotels would be calculated on each hotel room instead. To better compare the current fee to the new fee, staff converted the current per-square-foot retail fee to a per-room fee.

quality of life. However, DIFs are only one piece of the larger puzzle that the City is reviewing to build neighborhoods while also ensuring that new development of all types pays its fair share of infrastructure costs. Other tools such as Planned Developments allow the City to request new infrastructure be built or funded by new development. Infrastructure required as part of Planned Developments can often be built sooner than infrastructure funded through DIFs.

- **<u>Facilitate</u>** community benefits that build neighborhoods while not adversely impacting the financial feasibility of a project or result in the loss of future growth opportunities - DIFs add to costs to new construction and overall development costs. If Project costs, including DIFs, make the project financially infeasible, then there is no project and, as a result, no capture of DIFs, City fees, and property and/or sales taxes. Therefore, it is important to strike a balance between providing an appropriate level of facilities/infrastructure to new residents and businesses consistent with the City's goals/vision, while avoiding excessive costs that could discourage development.

<u>City's Cost Recovery Policy</u>
Another policy guiding the proposed DIF program update is the City's Cost Recovery Policy (Attachment 8) established with the Fiscal Year 2017-2018 budget which gives consistent guidelines in establishing City fees and allocating fair shares for costs. This policy can be illustrated through the City Cost Recover Policy Pyramid (Figure 1). This policy helps the City set fees for various City charges and services based on how much that fee should recover the City's cost for that service. Fees for core services that provide broad public benefit should recover a lower percentage of the City's costs, while fees for services that provide more individual benefit to stakeholders should recover a higher percentage of the cost. Looking at the City's Cost Recovery Policy Pyramid, staff determined that DIFs fall into the Important Services Category that provide both Individual and Public Benefit because it provides important infrastructure and gives the City the ability to provide for and sustain the added capacity.

Figure 1 - City Cost Recovery Policy Pyramid



The infrastructure that these DIFs pay for offer a public benefit, but since the fees are only covering the added capacity from new development, DIF revenue delivers a higher benefit to the user, or in this case to the new development, than to the general taxpayer. Based on this pricing policy, DIFs would fall under the 20% to 80% cost recovery level. Accordingly, staff recommends adopting DIF levels in the amount of 80% of the allowable fees identified in the Nexus Study. In addition, staff also recommends three exceptions to this 80% level for certain types of development that provide other public benefits. These exceptions include:

1. Affordable Housing – Staff recommends the City impose a charge on affordable housing units in the extremely low-, very low-, low-, and moderate-income categories at 50% of the allowable fees, rather than 80 percent. This is because the City gains additional public benefit when developers build affordable housing units in the City.

2. Retail – Staff recommends the City impose DIFs on retail developments at a level of 33% of the allowable fees. The allowable fee attributable to retail development is relatively high compared to other fee categories, primarily due to the transportation impacts. However, retail uses provide recurring annual General Fund revenue in the form of sales taxes above and beyond the one-time fees provided by DIFs. Thus, staff recommends the DIF fee be charged at a lower rate to balance the need to mitigate impacts with the desire for the City to continue to attract retail uses.

3. Hotels – Staff recommends the City impose DIFs on hotel developments at a level of 67% of the allowable fees. Like retail uses, hotel uses provide recurring annual General Fund revenue in the form of transient occupancy taxes in addition to one-time DIFs. Hotels also support the City's larger employers as well as attract tourists to stay in Burbank and patronize other businesses. Setting this lower DIF will keep the City competitive in attracting new hotel uses.

Based on the City's Cost Recovery Policy and the exceptions for certain land uses, staff is recommending the following fee levels for different residential and non-residential land uses in the updated DIF Program.

Table 3: Proposed Fees by Land Use Type

	Residential (Market-Rate) (per dwelling unit)		**Residential (Affordable) (per dwelling unit)**	
Community Facilities	Single-Family	Multi-Family	Single-Family	Multi-Family
Fire	$402	$315	$251	$197
Police	$307	$242	$192	$151
Parks	$2,229	$1,751	$1,393	$1,095
Library	$1,510	$1,186	$944	$742
IT (New)	$363	$285	$227	$178
Transportation DIF	$8,411	$3,490	$5,257	$2,181
TOTAL PROPOSED FEE	**$13,222**	**$7,269**	**$8,264**	**$4,543**

Table 3: Proposed Fees by Land Use Type (continued)

Community Facilities	Non-Residential (per sq. ft. or room) Retail (/sq. ft.)	Office/ Institutional (/sq. ft.)	Studio (/sq. ft.)	Warehouse/ Industrial (/sq. ft.)	Lodging (/room)[4]
Fire	$0.22	$0.37	$0.25	$0.22	$42
Police	$0.22	$0.36	$0.24	$0.22	$42
Parks	$1.59	$2.62	$1.74	$1.59	$299
Library	$0.65	$1.07	$0.71	$0.65	$122
IT (New)	$0.26	$0.42	$0.28	$0.26	$49
Transportation DIF	$7.00	$12.89	$7.70	$3.04	$4,356
TOTAL PROPOSED FEE	**$9.94**	**$17.74**	**$10.92**	**$5.98**	**$4,910**

Maintaining Market Competitiveness with Neighboring Cities

When considering the appropriate DIF levels, the City Council may consider how existing and future fee levels charged in Burbank compare to those of the City's neighbors. EPS prepared an analysis to compare the City's proposed DIF fee levels to those of Glendale and Pasadena (Attachment 9). Although Glendale and Pasadena charge DIFs on different land use types and collects funds for different infrastructure needs, a direct one-to-one comparison is not possible. However, a comparison has been prepared to show how Burbank's current fees and new maximum allowable fees are relative to our neighbors. Compared to those of the City's neighbors, the proposed residential fees will still be lower than Glendale and Pasadena.

Table 4: DIF Comparison Summary: Burbank, Glendale, Pasadena

Residential Land Use Category	Burbank (Proposed)	Burbank (Current)	Glendale (Current)	Pasadena (Current)
Single Family Residential (Per Unit)				
Capital Facilities	$4,811	$3,060	$23,733	$26,702
Transportation	$8,411	None	None	$9,550
Total	$13,222	$3,060	$23,733	$36,252
Multifamily Residential (Per Unit)				
Capital Facilities	$3,779	$2,264	$20,422	$20,908
Transportation	$3,490	None	None	$3,698
Total	$7,269	$2,264	$20,422	$24,606

[4] Hotel projects are currently charged the retail impact fee based on the total square feet of the hotel. The proposed separate new fee on hotels would be calculated on each hotel room instead. To better compare the current fee to the new fee, staff converted the current per-square-foot retail fee to a per-room fee.

Table 4: DIF Comparison Summary: Burbank, Glendale, Pasadena (continued)

Non-Residential Land Use Category	Burbank (Proposed)	Burbank (Current)	Glendale (Current)	Pasadena (Current)
Retail (Per Sq. Ft.)				
Capital Facilities	$2.94	$1.00	$6.96	None
Transportation	$7.00	$7.35	None	$11.57
Total	$9.94	$8.35	$6.96	$11.57
Office (Per Sq. Ft.)				
Capital Facilities	$4.85	$1.94	$8.48	None
Transportation	$12.89	$7.35	None	$8.71
Total	$17.74	$9.29	$8.48	$8.71
Industrial (Per Sq. Ft.)				
Capital Facilities	$2.94	$0.89	$3.47	None
Transportation	$3.04	$4.04	None	$1.20
Total	$5.98	$4.93	$3.24	$1.20
Lodging (Per Room)				
Capital Facilities	$554	$499	None	None
Transportation	$4,356	$3,675	None	$3,698
Total	$4,910	$4,174	None	$3,698

At first glance, both Glendale and Pasadena residential DIFs are much higher than Burbank's proposed DIF fees. However, this difference is because the majority of Glendale's and Pasadena's residential DIF is to pay for land acquisition needed to build new parks. Burbank also collects a Park DIF but has chosen to add park capacity by making improvements to existing parks and City property, rather than buying and clearing property for new parks. Additionally, through other methods, Burbank encourages large-scale projects to include publicly-accessible open space in their developments at the cost of the developer. Finally, Burbank's proposed DIF on residential development would fund a much larger category of infrastructure improvements than those in Glendale and Pasadena.

On the other hand, Burbank's proposed non-residential DIF fees will be higher than Glendale and Pasadena. This is because Burbank's proposed fee would collect funds for a wider variety of community facilities infrastructure than either city, including DIFs to address impacts to Police, Fire, and IT facilities.

Recommended Updates to the DIF Program

After considering the findings from the updated Nexus Study, the maximum fees that may be charged per the study, and incorporation of the three policy considerations discussed above, staff recommends the City Council adopt the proposed Ordinance (Attachment 1) updating the DIF program. The proposed Ordinance makes the following changes to the DIF program:

- Updates existing fees;
- Adds an Information Technology fee;
- Implements the Transportation fee on Residential uses;
- Establishes a separate fee for Lodging use;
- Sets fee levels at the 80 percent cost recovery level, with exceptions for retail, lodging, and affordable housing; and
- Provides other amendments to the Burbank Municipal Code to conform to updated State law provisions relating to DIFs.

With the recommended changes included in the Ordinance, staff believes that the City Council will be updating and modernizing the DIF program to account for the Burbank2035 General Plan goals and policies, and will achieve alignment and balance with City Council goals while also facilitating community benefits provided by new development. Further, the proposed changes will provide important revenue for new infrastructure while maintaining fee levels in alignment with the City Council's Cost Recovery Policy. Finally, it will include needed updates to the program that will ensure it remains consistent with new State law.

Consistency with the Burbank2035 General Plan
The proposed amendments update existing DIFs and establishes additional transportation and non-transportation-related fees and provide other conforming amendments to the Burbank Municipal Code (BMC), consistent with Land Use Element Goals 2 and 3, Policy No. Program LU-8 and Mobility Element Goal 1, Program M-1 of the Burbank2035 General Plan. These goals and policies are as follows:

- Land Use Element Goal No. 2, Sustainability which notes "Burbank is committed to building and maintaining a community that meets today's needs while providing a high quality of life for future generations".
- Land Use Element Policy No. 2.3, which "require[s] that new development pay its fair share of infrastructure improvements" and "ensure that needed infrastructure and services are available prior to or at project completion".
- Land Use Element Goal No. 3: Community Design and Character which notes "Burbank's well-designed neighborhoods and buildings and enhanced streets and public spaces contribute to the strong sense of place and 'small town' feeling reflective of the past."
- Land Use Element Program LU-8: Development Impact Fees which includes the following action items for future consideration by the City:
    - Review and update the transportation impact fee program to implement Land Use Element and Mobility Element goals and policies and to ensure that identified long-term projects to improve transportation are adequately funded.
    - Review and revise the community facilities fee program to ensure that fees are adequately addressing impacts on City services caused by new development.

- Consider creating a public benefits program where project applicants for large projects must provide public benefits through methods such as incorporating design features or programs into the project, constructing or providing funding for off-site improvements or facilities, and providing one-time or ongoing funding for community programs and activities.

- Mobility Element Goal No. 1: Balance, which notes that "Burbank's transportation system ensures economic vitality while preserving neighborhood character."
- Mobility Element Policies 1.1 through 1.7:
  - Policy 1.1 Consider economic growth, transportation demands, and neighborhood character in developing a comprehensive transportation system that meets Burbank's needs.
  - Policy 1.2 Recognize that Burbank is a built-out city and wholesale changes to street rights-of-way are infeasible.
  - Policy 1.3 Maintain and enhance the city's traditional street and alleyway grid network.
  - Policy 1.4 Ensure that future land uses can be adequately served by the planned transportation system.
  - Policy 1.5 Design transportation improvements to be compatible with the scale and design of existing infrastructure.
  - Policy 1.6 Use technology and intelligent transportation systems to increase street system capacity and efficiency as an alternative to street widening.
  - Policy 1.7 Ensure that the transportation system enables Burbank residents, employees, and visitors opportunity to live, work, and play throughout the community.
- Mobility Element Program M-1: Infrastructure Blueprint which calls for the following:
  - Perform a nexus fee study to support a revised Transportation Impact Fee.

ENVIRONMENTAL ASSESSMENT

The proposed amendments to Title 10 Chapter 1 of BMC amend standards regulating the City's development impact fees and is subject to the California Environmental Quality Act (CEQA) The proposed updates were reviewed for compliance with CEQA.

Staff's analysis indicates that the project being considered does not constitute a "Project" pursuant to CEQA Guidelines section 15378 (b)(4), which excludes items involving the general creation of governmental funding mechanisms or fiscal activities. The proposed fee update and fee structure modification enables the collection and allocation of fees for the continued establishment and rehabilitation of community and transportation facilities. Therefore, the proposed DIF program update does not involve a commitment to any specific project, which may result in a potentially significant physical impact on the environment. The capital projects described in the Burbank Development Impact Fee Nexus Study will maintain the level of service currently provided by the City's existing community facilities and transportation infrastructure by ensuring that the impacts of new development will not negatively impact existing service levels.

Additionally, even if it was a Project, the Project would be exempt under CEQA Guidelines, Article 18: Statutory Exemptions, Section 15061(B)(3). This section establishes a statutory exemption for “The activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.” Here, the Project would not allow any new uses and would not change the amount of physical development that is currently allowed pursuant to the City zoning regulations. Any new development would undergo its own environmental review.

FISCAL IMPACT

Adoption of the Ordinance and the associated DIFs will result in additional funds being recovered to offset the infrastructure impacts from new development. Maintaining a DIF program and updating the fees to reflect contemporary development patterns and infrastructure needs can have a positive fiscal impact to the City. DIFs provide a stream of funding to support capital improvements resulting from new development. When implemented carefully, they do not reduce the City’s competitiveness to development relative to its neighboring cities; they do ensure other goals, like housing production, can also be met; and they provide the opportunity to still gain community benefits through the Planned Development/Development Agreement process. The cost to the City to maintain a DIF program is the staff time required to apply the fees upon building permit issuance, monitor the program to ensure appropriate collection and use, and manage the construction of capital projects once funds are collected. Many of these costs can simultaneously be paid for by the DIF funds through the administrative charge and by charging staff time for project development as a project cost.

CONCLUSION

The changes to the DIF program outlined in the proposed Ordinance and proposed DIF increases are intended to update the program to continue to ensure that new development pays its fair share of the new facilities and infrastructure necessary to accommodate impacts resulting from that new development. In adopting the Ordinance, the City Council will be setting the appropriate level of DIFs that strike the balance between generating important revenue for needed infrastructure while at the same time supporting other City goals required to build and protect neighborhoods.

Based on all the analysis provided in this report, the City Council’s prior input and direction, and the recommendation of the Planning Board, staff recommends that the City Council introduce the attached Ordinance (Attachment 1) for a first reading Staff will bring back a DIF fee resolution for the City Council’s consideration at the time that it considers the second reading of the Ordinance.

ATTACHMENTS

ATTACHMENT 1	Draft Proposed Ordinance
ATTACHMENT 2	Redline version of the Proposed Ordinance

ATTACHMENT 3	December 14, 2021 Report to Council staff report and presentation (includes February 4, 2019 study session staff report and presentation as attachments)
ATTACHMENT 4	May 9, 2022 Planning Board public hearing staff report (Exhibits are included in this City Council staff report as attachments)
ATTACHMENT 5	Planning Board Resolution No. 3045
ATTACHMENT 6	May 9, 2022 Planning Board hearing minutes
ATTACHMENT 7	Burbank Development Impact Fee Nexus Study
ATTACHMENT 8	City of Burbank Cost Recovery Policy
ATTACHMENT 9	Development Impact Fee Program Comparison Analysis Memorandum

Correspondences