



DATE: December 12, 2023
TO: Mayor and City Council
FROM: Director of Finance
SUBJECT: Adopt a Resolution Accepting Transmittal of the Annual Mitigation Fee Act Report (AB1600)

RECOMMENDATION

That Council adopts a resolution (Attachment II) accepting the annual Mitigation Fee Act (AB 1600) report prepared to satisfy Government Code Subsection 66006(b)(1).

SUMMARY

The AB 1600 (Cortese) portion of the Mitigation Fee Act applies to fees charged in connection with the approval of development projects to defray the cost of public facilities. AB 1600 was enacted by the State Legislature in 1987, and applies to developer fees established, increased, or imposed on or after January 1, 1989. This legislation requires an annual report on the status of all eligible fees pursuant to the Mitigation Act to satisfy Government Code Subsection 66006(b)(1) requirements. This annual report includes the required eight items that the City must address for each impact or connection fee in order to comply with the Mitigation Fee Act.

BACKGROUND

It is common for local agencies to charge fees on new development to fund construction of capital facilities that will serve the development. The AB 1600 (Cortese) portion of the Mitigation Fee Act applies to fees charged in connection with the approval of development projects to defray the cost of public facilities. AB 1600 was enacted by the State Legislature in 1987, and applies to developer fees established, increased, or imposed on or after January 1, 1989. This legislation also requires an annual report on the status of all eligible fees pursuant to the Mitigation Act.

DISCUSSION

To comply with the Mitigation Fee Act the City must provide an annual report on the adopted Impact and Connection Fees. The report must consist of each separate impact/connection fee and make available to the public the findings within 180 days of the last fiscal day close and contain the following eight components:

1. A brief description of the type of fee.
2. The amount of the fee.
3. The beginning and ending balance of the account or fund.
4. The amount of the fees collected and the interest earned.
5. An identification of each public improvement on which the fees were expended, including the amount and percentage that was funded by the fee.
6. The approximate date that construction of the public project will commence if we have determined sufficient funds.
7. Descriptions of inter-fund transfer or loans made from the fund, including the public improvement will be expended.
8. Amount of any refunds due.

To comply with these eight requirements the City has prepared the AB 1600 annual reports for the following fees in Attachment III:

- Sewer Connection Fees
- Water Connection Fees
- Park Impact Fees
- Traffic Impact Fees – No fees have been collected to date.

The Mitigation Fee Act, at Government Code section 66001(d), requires specific findings to be made with respect to unspent impact fees five years after the initial deposit into the fund and every five years thereafter, otherwise the unspent fees must be refunded, with the exception of water or sewer connection fees or capacity charges, which are specifically exempted from refunds by the Act. No findings are required to be made for unspent Park Impact Fees or Traffic Impact Fees at this time. Park Impact fees were first deposited with the City in FY 2022. The City has not collected any Traffic Impact Fees during the relevant reporting period.

ECONOMIC IMPACT

Compliance with AB 1600 allows the City to hold development deposits for future improvements to the community to offset the impacts of these new developments.

FISCAL IMPACT

No fiscal impact is associated with this report. Attachment III provides a summary of the applicable fees pursuant to the Mitigation Act for FY 2023.

This report is prepared annually in compliance with Assembly Bill 1600.

PUBLIC CONTACT

A public notice was published in The Daily Review on November 24, 2023, announcing the date, time, location, and subject matter of this report.

Prepared by: Christina Crosby, Deputy Director of Finance

Recommended by: Nicole Gonzales, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'McAdoo', with a long horizontal flourish extending to the right.

Kelly McAdoo, City Manager