



**DATE:** December 7, 2021

**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 the annual Mitigation Fee Act (AB 1600) report (Attachment III) 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 staff reports includes four primary requirements that the City must satisfy in order to comply with the Mitigation Fee Act, and the City's response for each requirement for the prior fiscal year.

### **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**

Below are the four primary requirements that the City must satisfy in order to comply with the Mitigation Fee Act, and the City's response for each requirement for the prior fiscal year.

1. Requirement: Make certain determinations regarding the purpose and use of a fee and establish a “nexus” or connection between a development project (or class of projects) and the public improvement being financed with the fee.

Response: For all projects requiring development fees subject to AB 1600, the City complies with this requirement by establishing a connection between the development and public improvements to be financed. This is accomplished through the established fee structure, which calculates the amount of public improvements required to be financed based on the type of development.

2. Requirement: Segregate fee revenue from the General Fund in order to avoid comingling of capital facilities fees and general funds.

Response: AB 1600 development fees are held in special deposit accounts outside of the General Fund and are therefore not comingled with other fees or funds.

3. Requirement: The City must make findings each fiscal year describing the continuing need for the money for all fees that have been in the possession of the City for five years or more, and for which the dollars have not been spent or committed to a project.

Response: Water and sewer connection fees are both nonrefundable. The fees collected are used to finance the acquisition, construction, and improvement of public water and sewer facilities needed as a result of this new development. Park impact fees which is refundable has only been adopted last January 20, 2020, and therefore no findings to report.

4. Requirement: Refund any fees, including accumulated interest, for developer deposits in which the findings noted above cannot be made.

Response: No refunds are required at this time.

The City has satisfied the Mitigation Fee Act requirements for FY 2021.

## **ECONOMIC IMPACT**

There is no economic impact associated with this report.

## **FISCAL IMPACT**

This is an informational report and includes no fiscal impact is associated with it. Attachment III provides a summary of the applicable fees pursuant to the Mitigation Act for FY 2021.

This report is prepared annually in compliance with Assembly Bill 1600 and allows the City to hold development deposits for future improvements to the community to offset the impacts of these new developments.

## **STRATEGIC ROADMAP**

This agenda item is a routine operational item and does not relate to any of the projects outlined in the Council's Strategic Roadmap.

## **PUBLIC CONTACT**

A public notice was published in The Daily Review on November 19, 2021, announcing the date, time, location, and subject matter of this report.

## **NEXT STEPS**

Upon Council approval, staff will publish the information on the City's website.

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Approved by:



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Kelly McAdoo, City Manager