



## Legislation Text

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**File #:** 23-605, **Version:** 1

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Adopt a Resolution to Accept the Annual Report on Receipt and Use of Development Impact Fees for the Year Ended June 30, 2023

### **COUNCIL PRIORITY**

- Infrastructure
- Fiscal Sustainability and Transparency
- Community & Business Development

### **SUMMARY AND RECOMMENDATION**

Staff recommends City Council approve a resolution accepting the Annual Report on Receipt and Use of Development Impact Fees for the year ended June 30, 2023.

### **BACKGROUND**

The legal requirements for enacting development impact fees are set forth in Government Code §66000-66025 (Mitigation Fee Act) and are commonly referred to as AB 1600 and SB 1693 requirements. These fees are generally intended to mitigate cost impacts that development projects have on existing City infrastructure and facilities.

The Annual Report must be reviewed by the City Council at a regularly scheduled public meeting. Notice of the time and place of the meeting shall be mailed at least 15 days prior to the meeting to any interested party having filed a written request with the City. No such request was made at the time of this report.

### **DISCUSSION**

The Government Code requires an annual accounting of all development fees to be made available at the close of the fiscal year. The Annual Report attached to the accompanying City Council resolution presents the revenues, expenditures, and fund balance for the City development fees. Two City fees are subject to AB 1600 requirements-Development Fee for Street Improvement (DFSI) and the Park Facilities Development Impact Fee. The attached report includes revenues collected and project costs incurred from July 1, 2019, to June 30, 2023.

Developer fees are segregated from the General Fund and from other funds and accounts containing fees for other purposes in accordance with accounting standards. Interest earned on each fee is deposited into the fund or account and used only for the purposes of the fee.

DFSIs are deposited into the Street/Traffic Improvement Special Revenue Fund. This separate fund is used to account for development fee assessments levied to provide street and traffic improvement costs attributable to residential and commercial growth. Fees may be used for improvements to right-of-way, pavement, traffic signals, curbs, gutters, and sidewalks. In fiscal year 2022-2023, Development fees amounted to \$345,000. Projects expenditures amounted to \$130,100, with an ending DFSI fund balance of \$1,752,800.

Park Facilities Development Impact Fees pay public park and recreation facility acquisition and development. Funds are directed toward the study, design, acquisition and construction of park and recreation facilities. In fiscal year 2022-2023, Park-in-Lieu fees amounted to \$3,618,300. The significant increase was due to the development project at Callan and 14<sup>th</sup> which provided \$3,479,400 of the fiscal year 2022-2023 revenue. Projects expenditures amounted to \$18,000, with an ending Park Development fund balance of \$5,637,000.

## **FISCAL IMPACT**

The annual AB 1600 report is a mandated reporting requirement provided to the City Council for information purposes. There is no direct fiscal impact by receiving the report and adopting the resolution.

## **REVIEW BY THE FINANCE COMMITTEE**

The City Council Finance Committee reviewed the annual AB 1600 report on November 28, 2023 and unanimously recommended the resolution be moved to the City Council.

## **ATTACHMENTS**

- Attachment A - Resolution Accepting the Annual AB 1600 Report for FY23
- Attachment B - FY23 Annual AB 1600 Development Impact Fee Report

**PREPARED BY:** T. Michael Yuen, Finance Director