



## Report to City Council

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**TO:** Mayor and City Council

**FROM:** Launa Jimenez, Chief Financial Officer

**AGENDA DATE:** November 19, 2024

**TITLE:** RECEIVE THE ANNUAL AB1600 COMPLIANCE REPORT FOR FISCAL YEAR 2023-24 (REPORT OF: FINANCIAL & MANAGEMENT SERVICES)

**TITLE SUMMARY:** Annual AB1600 Compliance Report FY 23-24

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### **Recommendation(s)**

That the City Council:

1. Receive and file the Annual AB 1600 Compliance Report for FY 2023-24 in compliance with California Government Code sections 66006 and 66001.
2. Approve the finding that staff has demonstrated a continuing need to hold unexpended Development Impact Fees.

### **SUMMARY**

Government Code Section 66006 requires cities that impose impact fees to render an annual accounting of the fees and to provide findings that support the retention of any fees that have been held in excess of five years and remain unexpended or have not been committed to projects. The City has no Development Impact Fees (DIF) that are unexpended and uncommitted for a period of five years or more.

Government Code Section 66001 requires cities that impose impact fees must make certain findings described in section 66001(d)(1) every five years as a component of the annual report.

The information included in this staff report is provided to comply with State law.

## **DISCUSSION**

Government Code Section 66006 requires cities imposing impact fees to undertake an annual accounting of such fees within 180 days of the fiscal year end, and that the accounting be made available for public review. The accounting must provide the beginning and ending balances for the fiscal year, receipts, disbursements, interest earned and any other income that was received. The report must also include a description of how the fees were expended during the past year. If fees are unexpended, whether committed or uncommitted for a period of five or more years, the report must include a finding regarding the continuing need for the fees. If a continuing need cannot be shown, State law requires that the City refund the unused, uncommitted fees. The City's report contains no such instances of Development Impact Fees that remain unexpended and uncommitted.

The attached Annual AB 1600 Compliance Report is for the fiscal year ended June 30, 2024, and has been prepared in compliance with the California Government Code Section 66006 regarding the annual accounting for impact fees. The accounting was completed and the required information was made available to the public within the required time frame of 180 days subsequent to fiscal year end. The report has been on file in the City Clerk's office since November 1, 2024 and available for public review which is also in compliance with state law requiring that the report be made available at least 15 days prior to being considered by the City Council.

This report does not include any findings that require the return of unexpended or uncommitted DIF fees. This report does make a finding for continuing to hold previously collected development impact fees since all funds collected and held by the City as of June 30, 2024, within each of the 15 respective Development Impact Fee funds, have been designated for specific capital projects, consistent with the Development Impact Fee Study Final Report approved by the City Council on February 15, 2022, and the Capital Improvement Plan approved by the City Council on June 6, 2023.

Government Code Section 66001(d)(1) requires that at least every five years certain findings be made with respect to each impact fee being assessed. The following information is provided to satisfy the four requirements of this code section:

**(A) Identify the purpose to which the fee is to be put** – The purpose of the development impact fee program is to ensure that new development is paying its share of the transportation infrastructure and facility costs associated with the growth resulting from that development. The program includes projects related to Arterial Street Improvements, Traffic Signal Improvements, Fire Facilities, Police Facilities, Park Improvements, Recreation Centers, Libraries, City Hall, Corporate Yard, Interchange Improvements, Maintenance Equipment, Animal Shelter Facilities, Workforce Development, Public Art, and Impact Fee Administration.

**(B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged** – The fees are based on the relationship between the

needed transportation infrastructure and facility costs associated with the growth resulting from new development.

**(C) Identify all sources and amounts of funding anticipated for incomplete improvements** – Facilities to be funded from development impact fees are also funded by other sources including gas tax, Measure A, General Fund, and grant funding. The specific funding sources utilized for each project depend on funds availability at the time a project is moved forward.

**(D) Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund** – The receipt of funding and the construction of improvements is dependent upon when undeveloped land remaining in the City is developed. Facilities constructed utilizing development impact fee funding are constructed when all required funding is available and the City Engineer has determined that it is appropriate for the project to move forward.

## **ALTERNATIVES**

The following alternatives are available to the City Council:

1. Approve and accept the Annual AB 1600 Compliance Report for FY 2023/24 in compliance with California Government Code Section 66006 and approve the finding that staff has demonstrated a continuing need to hold unexpended Development Impact Fees. *Staff recommends this alternative to comply with the reporting requirements of the California Government Code.*
2. Approve and accept the Annual AB 1600 Compliance Report for FY 2023/24 in compliance with California Government Code Section 66006 but reject the finding that staff has demonstrated a continuing need to hold unexpended Development Impact Fees. *Staff does not recommend this alternative in that this action could result in the need to refund unexpended fees such that projects and debt service intended to be funded through these fees would be left without a funding source.*

## **FISCAL IMPACT**

There is no fiscal impact resulting from the recommended action; the information included in the staff report is provided to comply with State law.

## **NOTIFICATION**

Publication of the agenda. The Annual AB 1600 Compliance Report for FY 2023/24 has made available for public review in the City Clerk's Office.

## **PREPARATION OF STAFF REPORT**

Prepared By:  
Kimberly Ganimian  
Deputy Finance Director

Department Head Approval:  
Launa Jimenez  
Chief Financial Officer/City Treasurer

## **CITY COUNCIL GOALS**

**Revenue Diversification and Preservation.** Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

## **CITY COUNCIL STRATEGIC PRIORITIES**

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure
5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

## **ATTACHMENTS**

1. AB 1600 Report FY 2024

## **APPROVALS**

## Report Approval Details

Document Title:	STAFFREPORT_FMS_AB1600COMPLIANCE.docx
Attachments:	- AB 1600 Report FY 2024.pdf
Final Approval Date:	Nov 12, 2024

This report and all of its attachments were approved and signed as outlined below:

### **No Signature found**

Kimberly Ganimian

Natalia Lopez

Launa Jimenez

Brian Mohan

Mike Lee

Patty Rodriguez