



Council Agenda Report

From: Catherine Piatti, Finance Manager

Subject: Receipt of Annual Development Impact Fee Report for FY 2022-23

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: January 16, 2024

Facts

1. The Mitigation Fee Act (Government Code Section 66000 et seq.) established the criteria by which municipal governments may charge developments impact fees for the cost of providing new facilities (including public improvements, public services and community amenities) related to those projects.
2. A key premise of the Mitigation Fee Act is that existing development should not subsidize new development; the new development should pay its own way. Similarly, new development should not bear costs related to the correction of service level deficiencies within existing development.
3. The purpose of the City's growth mitigation fee program is to finance the design, construction, and acquisition of facilities and equipment to maintain the City's level of service and mitigate the impacts of growth.
4. Development impact fees are collected for different categories of public facilities and are maintained in separate interest-bearing funds which are used only to pay for the designated category of facilities and equipment. Interest income is allocated to each impact fee account based upon its proportionate share of total invested City cash resources.
5. The purpose of this report is to concentrate on the accounting requirements in regard to development impact fees that have already been collected. The Mitigation Fee Act requires that the City provide information to the public annually regarding the revenues generated, the expenses incurred, and the end-of-year status of each of the development impact fee funds.
6. On April 1, 2014, City Council adopted [Resolution No. 14-035](#), adopting the Development Impact Fee Calculation and Justification Study dated March 20, 2014, prepared by David Taussig & Associates, INC.
7. On September 7, 2017, City Council approved [Resolution No. 17-113](#), approving the Evaluation of Water and Wastewater Capital Facility Charges report dated August 2017, prepared by Water Consultancy.
8. On February 5, 2019, City Council adopted [Resolution No. 19-017](#), adopting the Transportation Development Impact Fee Calculation and Justification Study dated January 25, 2019, prepared by David Taussig & Associates, INC.

Community Outreach

The Annual Development Impact Fee Report for the fiscal year ending June 30, 2023 was made available for public review on the City's website starting December 18, 2023, at least 15 days prior to the presentation to City Council.

Options

1. Take no action;
2. Receive and file the Annual Development Impact Fee Report for the fiscal year ending June 30, 2023;
3. Provide alternative direction to staff.

Analysis and Conclusions

As required by State law, the City is required to make available to the public the impact fee information as described in Attachment 1, within 180 days after the last day of each fiscal year. The attached report is the annual activity of the City beginning on July 1, 2022 and ending on June 30, 2023. Again, this report simply focuses on the accounting requirements related to development impact fees. The Mitigation Fee Act requirements dictate that agencies must make the following information available for each fee:

- The beginning and ending balances in each fee account;
- The fee amounts collected and the interest earned during the preceding year;
- The projects the fees were used for and the percentage of the total project costs funded with fees;
- The expected start date for construction on improvements the fees will fund if the City determines that sufficient funds have been collected to complete financing on an incomplete public improvement;
- A description of any inter-fund transfers or loans, the interest the account will receive for the; loan, and the date on which the loan will be repaid; and
- The amount of any refunds made, including the number of persons or entities that received such refunds, if any.

By way of this report, staff is not requesting that City Council adopt new development impact fees or adjust existing fees. Rather, it is reporting on the status of each of the development impact fee accounts.

Additionally, the [Development Impact Fee Justification Study dated March 20, 2014](#), the [Transportation Impact Fee Justification Study dated January 25, 2019](#), and the [Evaluation of Water and Wastewater Capital Facility Charges, Final Report dated August 2017](#) include important details and discussions of projected new development and demand variables such as future population and employment, growth trends in housing, commercial, and industrial development. More importantly, these reports include a description of the facilities needed to serve new development that are eligible for funding by impact fees.

Fiscal Impact

None.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Recommendation (Option 2)

Receive and file the Annual Development Impact Fee Report for the Fiscal Year Ending June 30, 2023.

Attachments

1. Attachment FY 2022-23 Compliance Report for Development Impact Fees