



Council Agenda Report

From: Ryan Cornell, Administrative Services Director

Subject: Receipt of Development Impact Fee Five-Year Report

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: February 20, 2024

Facts

1. The Mitigation Fee Act, specifically Government Code Section 66000 et seq., establishes 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.
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. 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.
4. The Mitigation Fee Action also requires local agencies to complete ongoing reporting, including a requirement to adopt "five-year findings" accounting for development impact fee proceeds held unexpended beginning the fifth year and every five years .
5. The City's Five-Year Development Impact Fee Compliance Report (Attachment No. 1) includes the following findings for each of the applicable impact fees the City charges which have been held for five years:
 - a. Identify the purpose to which the fee will be put;
 - b. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged;
 - c. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which impact fees are to be used;
 - d. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account or fund.
6. The City's Five-Year Development Impact Fee Compliance Report does not change or alter any existing development impact fees.

Community Outreach

The Five-Yer Development Impact Fee Compliance Report was made available for public review on the City's website starting on February 5, 2024, at least 15 days prior to the date of this regularly scheduled public meeting. Physical copies were also available upon request at the City Clerk's office, at least 15 days

prior to the date of the public meeting, for any interested party wishing to review the information in person. There are currently no interested parties that have filed a written request for mailed notice of meetings related to the City's development impact fees. As such, the City was not required to mail written notices to interested parties pursuant to Government Code section 66006, subdivision (b)(2). .

Options

1. Take no action;
2. Receive and file the Five-Year Development Impact Fee Compliance Report;
3. Provide alternative direction to staff.

Analysis and Conclusions

Prior to 1996, the Mitigation Fee Act required that local agencies collecting impact fees were required to expend or commit impact fee revenue within five years or make findings to justify a continued need for the money. California Senate Bill 1693, adopted in 1996 as an amendment to the Mitigation Fee Act, changed this requirement in material ways. Section 66001(d) requires that, for the fifth year following the first deposit of any impact fee revenue into an account or fund as required by Section 66006(b), and every five years thereafter, the local agency shall make findings identifying the approximate date when funds will be collected and when the public facilities will be completed for any fee revenue that remains unexpended, whether it is committed or uncommitted.

These findings are detailed in the Five-Year Development Impact Fee Compliance Report (Attachment No.

1). Once the City determines that sufficient funds have been collected to complete financing on incomplete improvements for which impact fee is to be used, it must, within 180 days of that determination, identify an approximate date by which construction of the public improvements will be commenced. The following Five-Year Report provides findings for Wastewater Connection, Transportation, General Government, Parks and Recreation, and Library impact fees. The report does not include Water Connection and Public Safety impact fees because the fees collected more than five years ago have been expended.

Fiscal Impact

There is no direct fiscal impact by receiving and filing the report; however, should the City Council choose not to receive the findings report, the City could be required to refund the development impact fees in the account or fund, as required by Government Code Section 66001(d).

CEQA

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

Recommendation (Option 2)

Receive and file the Five-Year Development Impact Fee Compliance Report

Attachments

1. Five-Year Development Impact Fee Compliance Report