



Council Agenda Report

From: Catherine Piatti, Finance Manager

Subject: Annual Development Impact Fee Report for Fiscal Year 2021-22

CEQA Determination: The City find 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: March 7, 2023

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; that 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. This report examined all impact fees except for utilities and transportation impact fees.
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, 2022 was made available for public review on the City's website starting February 9, 2023, at least 15 days prior to the presentation to City Council.

Options

1. Do nothing;
2. Receive and file the Annual Development Impact Fee Report for the fiscal year ending June 30, 2022;
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, 2021 and ending on June 30, 2022. Again, this report simply focuses on the accounting requirements related to development impact fees. The Mitigation Fee Act requirements dictate that agencies imposing development impact fees in connection with approval of a development project must make the following information available for each fee:

- A brief description of the type of fee in the account;
- The amount of the fee;
- The beginning and ending balances in each fee account;
- The fee amounts collected during the preceding year and interest earned;
- The projects the fees were used for, the amount of the fees used, and the percentage of the total project costs funded with fees;
- The expected start date for construction on improvements the fees will fund;
- A description of any inter-fund transfers or loans, including the public improvements on which the transferred or loaned fees will be expended, the rate of interest the account will receive for the loan, and the date on which the loan will be repaid.

If applicable, the amount of refunds made pursuant to Government Code Section 66001(e) and any allocation pursuant to section 66001(f).

Similarly, impact fees for water and wastewater capital facility charges must make specific information available for each fee. While much of the requirements here are the same as above, there are differences. These fees require the following information be made available:

- A description of the charges deposited in the account;
- The beginning and ending balance of the fund and the interest earned;
- The amount of the charges collected in that fiscal year;
- An identification of all of the following:
 - Each public improvement on which charges were expended and the amount of the expenditure, including the percentage of the total cost of the public improvements funded if more than one source of funding was used;
 - Each public improvement on which charges were expended that was completed during that fiscal year;
 - Each public improvement that is anticipated to be undertaken in the following fiscal year;

A description of any inter-fund transfers or loans, including the public improvements on which the transferred or loaned fees will be expended, the rate of interest the account will receive for the loan, and the date on which the loan will be repaid

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

Recommendation

Receive and file the Annual Development Impact Fee Report for the Fiscal Year Ending June 30, 2022.

Attachments

1. FY 2021-22 Compliance Report for Development Impact Fees