



## Staff Report

**TO:** City Council  
**FROM:** Jennifer Ustation, Finance Director  
**DATE:** December 21, 2021  
**SUBJECT:** Annual and Fifth Year Compliance Report of AB 1600 Development Impact Fees (DIF)

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### **Background and Analysis:**

State of California Assembly Bill 1600 (AB 1600) – the Mitigation Fee Act (Gov. Code, Sections 66000 et seq.) sets forth the standards governing fees charged to address the impacts of development.

City Council adopted and updated various development impact fees (DIF) applicable to new development within the City. The purpose of DIF is to finance the design, construction and acquisition of facilities and equipment necessary to accommodate future development.

DIFs that are collected are segregated and placed in special funds or accounts which earn interest. DIF fees are held for the facilities for which they are collected in accordance with Government Code Section 66006. This report provides a summary of DIF activity and financial detail regarding each of the projects impacted during FY20/21 (July 1, 2020 through June 30, 2021).

The summary of DIF activity and detail regarding each project is included as Attachment A to this report.

### Annual Compliance Reporting for all Development Impact Fees

Government Code Subsection 66006 (b) (1) sets forth the annual compliance reporting requirements as:

*For each separate account or fund established pursuant to subdivision (a), the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the following information for the fiscal year:*

*A brief description of the type of fee in the account or fund;*

*The amount of the fee;*

*The beginning and ending balance of the account or fund;*

*The amount of the fees collected and the interest earned;*

*An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees;*

*An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete; and*

*A description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and in the case of an inter-fund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan; and*

*The amount of refunds made pursuant to subdivision (e) Section 66001 and any allocation pursuant to subdivision (f) of Section 66001.*

In addition to the regular annual reporting there is also an additional requirement for every fifth year following the first deposit into each public improvement account or fund, and every five years thereafter, the City must make the following findings for the funds remaining in each development impact fee account.

*Identify the purpose to which the fee is to be put;*

*Demonstrate a reasonable relationship between the fee and the purpose for which it is charged;*

*Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements identified in 66001(a)(2); and*

*Designate the appropriate dates on which the funding referred to is expected to be deposited into the appropriate account or fund.*

**Fiscal Impact:**

City staff estimates the cost to prepare this report to be \$3,900.

**Recommended Action:**

Receive and file the AB 1600 report on development impact fee activity that occurred during the period July 1, 2020 through June 30, 2021.

**Attachments:**

- A. AB 1600 Report