STAFF REPORT
7/22/2026

TO: Honorable Mayor and City Council Members

FROM: Gustavo J. Romo, City Manager

PREPARED BY: Lincoln G. Bogard, Finance Director

SUBJECT: Receive and File the Fiscal Year 2024-25 Development Impact Fee Annual Report Prepared Pursuant to Government Code Section 66006 (Mitigation Fee Act / AB 1600)

STAFF RECOMMENDATION:

Staff recommends that the City Council receive and file the City of Coachella Development Impact Fee Annual Report for Fiscal Year 2024-25 (Exhibit A), prepared pursuant to California Government Code Section 66006.

EXECUTIVE SUMMARY:

California Government Code Section 66006, part of the Mitigation Fee Act (commonly known as "AB 1600"), requires local agencies that collect development impact fees to prepare and make available to the public an annual report for each impact fee fund within 180 days after the close of each fiscal year. The attached Development Impact Fee Annual Report (Exhibit A) presents the required financial and project information for the fiscal year ended June 30, 2025, for each of the City's eleven development impact fee funds. This report was not completed within the statutory 180-day deadline of approximately December 27, 2025, and is being presented to the City Council at this time so that the City may come into compliance with state law.

BACKGROUND:

The Mitigation Fee Act (Government Code Section 66000 et seq.), enacted by Assembly Bill 1600 (1987) and commonly referred to as "AB 1600," establishes the legal framework local agencies must follow when imposing, collecting, and expending development impact fees on new development. Development impact fees are one-time charges assessed on new residential and commercial construction to help fund the public facilities and infrastructure improvements needed to serve that growth, including parks, libraries, streets, police and fire facilities, general government facilities, public art, water, and sewer connections.

Government Code Section 66006(b)(1) requires that, for each separate account or fund established for impact fees, the City make available to the public — within 180 days after the last day of each fiscal year — specified information including a description of the fee, the amount of the fee, the beginning and ending fund balances, fees collected and interest earned, expenditures on specific public improvements and the percentage of each improvement funded by fees, and any interfund loans or transfers made from the fund. For a fiscal year ending June 30, this places the statutory deadline at approximately December 27 of the same calendar year. Section 66006(b)(2) further requires that the City Council review this information at its next regularly scheduled public meeting held no less than 15 days after the report is made available to the public.

Government Code Section 66001(d) separately requires that, for the fifth fiscal year following the first deposit into an impact fee account and every five years thereafter, the City make specified findings regarding any unexpended or uncommitted fee revenue — including identifying the purpose of the fee, demonstrating a reasonable relationship between the fee and the improvement it funds, and identifying the approximate dates on which sufficient funds are expected to be available. If a local agency does not make these findings, the Mitigation Fee Act imposes a self-executing obligation to refund the unexpended fee revenue to then-current property owners.

The Fiscal Year 2024-25 Development Impact Fee Annual Report (Exhibit A) was due to be made available to the public by approximately December 27, 2025. This report was delayed due to staff turnover. Staff has since completed the report and is presenting it to the City Council at the earliest available opportunity in order to bring the City into compliance with state law.

DISCUSSION/ANALYSIS:

The attached report (Exhibit A) presents Fiscal Year 2024-25 financial activity for each of the City’s development impact fee funds, including the fee description, current fee schedule, beginning and ending fund balances, revenues and expenditures for the year, and identified capital project expenditures where applicable. A summary of the beginning balance, net change, and ending balance for each fund for the fiscal year ended June 30, 2025 is provided below:

Park Land Impact Fee (Fund 120): Beginning available balance of $(171,870); net change of $107,012; ending available balance of $(64,858).

Library Facilities Impact Fee (Fund 121): Beginning available balance of $(11,794,005); net change of $(59,358); ending available balance of $(11,853,363).

Bus Shelter Impact Fee (Fund 123): No activity for the year; this fee has not been charged since Fiscal Year 2013 and is no longer considered an active development impact fee, with remaining funds appropriated to the Pueblo Viejo Villas transportation hub project.

Park Improvement Impact Fee (Fund 126): Beginning available balance of $1,995,751; net change of $(338,378); ending available balance of $1,657,373.

Street & Transportation Impact Fee (Fund 127): Beginning available balance of $(1,692,533); net change of $1,533,396; ending available balance of $(159,137). Fee revenue funded portions of the Avenue 50 Interchange (ST-81) and Avenue 50 Widening (ST-93) projects during the year.

Police Facilities Impact Fee (Fund 128): Beginning available balance of $851,866; net change of $72,695; ending available balance of $924,561.

General Government Facilities Impact Fee (Fund 129): Beginning available balance of $(4,081,541); net change of $(42,105); ending available balance of $(4,123,646).

Fire Facilities Impact Fee (Fund 130): Beginning available balance of $482,723; net change of $65,495; ending available balance of $548,217. Fee revenue fully funded (100%) the year's Fire Facilities Expansion (F7) and Pueblo Viejo Villas (ST-130) expenditures.

Art in Public Places Impact Fee (Fund 131): Beginning available balance of $359,528; net change of $86,458; ending available balance of $445,986. Fee revenue funded 100% of the Ciudades Hermanas mural expenditure for the year.

Water Connection Fee (Fund 177): Beginning available balance of $10,801,767; net change of $1,548,293; ending available balance of $12,350,060.

Sanitary District Connection Fee (Fund 360): Beginning available balance of $1,020,108; net change of $(853,738); ending available balance of $166,370. Fee revenue continues to fund debt service on the 2005 State Water Resources Control Board loan for sanitary system improvements ($2,909,745 outstanding as of June 30, 2025).

Four funds — the Park Land Impact Fee (Fund 120), Library Facilities Impact Fee (Fund 121), Street & Transportation Impact Fee (Fund 127), and General Government Facilities Impact Fee (Fund 129) — reflect negative available balances resulting from prior interfund loans from the General Fund. Per Government Code Section 66006(b)(1)(G), these loans are to be repaid from future impact fee revenue as it becomes available, with interest calculated at the Local Agency Investment Fund (LAIF) rate of return. The Library Facilities Impact Fee Fund also carries a long-term obligation related to the 2016 Lease Revenue Bonds issued for construction of the new library ($9,495,000 outstanding as of June 30, 2025), and the General Government Facilities Impact Fee Fund carries a note payable related to the Civic Center Facility ($601,926 outstanding as of June 30, 2025).

FISCAL IMPACT:

There is no direct fiscal impact to the General Fund associated with receiving and filing this report. The report is an informational disclosure of activity within the City's existing development impact fee funds, as required by Government Code Section 66006. Staff notes that four funds (120, 121, 127, and 129) currently reflect negative available balances associated with outstanding interfund loans owed to the General Fund; these amounts remain a receivable to the General Fund and are anticipated to be repaid from future impact fee revenue as development activity occurs, consistent with Government Code Section 66006(b)(1)(G).

<u>RECOMMENDED ALTERNATIVE(S)</u>:

Receive and file the Fiscal Year 2024-25 Development Impact Fee Annual Report (Exhibit A), thereby satisfying the annual reporting requirement of Government Code Section 66006.