



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	12/9/2025
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 11524 – A Resolution Accepting the AB1600 Development Fees Annual Report for the Fiscal Year ended June 30, 2025
<b>FROM:</b>	Finance Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

Staff recommends the City Council approve Resolution No. 11524 – A Resolution Accepting the AB1600 Development Fees Annual Report for the Fiscal Year ended June 30, 2025.

## **BACKGROUND / ISSUE**

Following the passage of Proposition 13 in 1978, many cities began charging fees on new development to fund public improvements and services such as streets, transit facilities, sewers, and storm drains. These fees are commonly known as development impact fees. In order to ensure that these fees were spent in a timely manner and on projects for which they were being collected, the State Legislature passed a bill known as AB 1600 (Mitigation Fee Act). This bill applies to developer fees, increased, or imposed on or after January 1, 1989. AB 1600 enacts Government Code Sections 66000-66008 that generally contain four requirements:

1. A local jurisdiction must follow the process set forth in the bill and make certain determinations regarding the purpose and use of the fees, and establish a “nexus” or connection between a development project or class of project and the public improvement being financed with the fee.
2. The revenue fee must be segregated from the general fund in order to avoid commingling of public improvement fees and the general fund.

3. If a local jurisdiction has had possession of a developer fee for five years or more and has not committed that money to a project or actually spent that money, then it must make findings describing the continuing need for that money. In addition, an annual report must be made of fees collected, interest earned, projects on which fees were expended, and any transfers or loans from the fee account. This report is to be reviewed by the local agency assessing the fees.
4. If a local jurisdiction cannot make the findings required under paragraph 3, the city or county must refund the fees collected.

The attached report provides the information required by Government Code for the development fees that fall under this disclosure requirement. In some instances, the ending fund balance amount is less than the remaining appropriation because outstanding advances and loans are not included in the fund balance. Cash balances are sufficient for the remaining appropriations. No refunds have been made nor are any required. More information on these funds and all other capital project funds is available in the annual budget adopted by Council in June 2025 and in the Annual Comprehensive Financial Report (ACFR).

This report was compiled with the unaudited City financial records. The audited ACFR will be available at the end of the current calendar year.

This report has been on file with the City Clerk's office as of November 24, 2025.

### **POLICY / RULE**

Policy 11.6 of the General Plan states:

*It is the Policy of the City of Folsom to require new development to bear the cost of its increased demand/effect on municipal services and facilities so as not to create a greater burden on existing residents. Development contributes to the need for the expansion and extension of the City's circulation, water, sewer, storm drainage, and parks systems and other capital improvements, facilities, and equipment to adequately serve the development area. Service expansion and extension is not necessarily site-specific; rather, it is generally related to a larger area and the City as a whole. In order to accommodate the new development, maintain an acceptable level of service, and alleviate the effects of the increased demand on City services, it is the policy of the City of Folsom to require certain necessary improvements as a part of the development and/or the payment of municipal services and facilities fees consistent with the proportional effect of the development on such services. . .*

### **ANALYSIS**

For fiscal year ended June 30, 2025 development impact fee funds for all revenues totaled \$31,097,754. Of the \$31.10 million, \$19,683,640 are impact fees, the remaining \$11,414,114

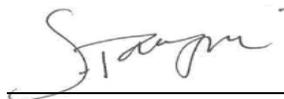
are grants, reimbursements, interest, and miscellaneous revenue. Expenditures totaled \$11,702,910.

Upon review, it is determined that all fees have been spent or committed within 5 years of receipt, and thus no refunds are required.

**ATTACHMENTS**

1. Resolution No. 11524 - A Resolution Accepting the AB1600 Development Fees Annual Report for the Fiscal Year Ended June 30, 2025
2. The Development Fees Annual Report for the City of Folsom for the Fiscal Year Ended June 30, 2025

Submitted,



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Stacey Tamagni, Finance Director