



## STAFF REPORT

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**MEETING DATE:** April 10, 2024

**PRESENTER:** Josefina Alvarez, Finance Director

**SUBJECT:** Development Impact Fees Annual Report (AB1600) (JA)

**RECOMMENDATION:** Council to review and approve the Development Impact Fee Annual Report for FY 2023.

**EXECUTIVE SUMMARY:**

Development Impact Fees are created under Assembly Bill 1600 (AB 1600) which is also known as the Mitigation Fee Act. This assembly bill requires the City to report on an annual basis on the fees collected and their use. If an agency does not report on these fees, the funds may be at risk.

The AB1600 requires that within 180 days after the last day of each fiscal year, agencies must report the following information for each fee:

(A) A brief description of the type of fee in the account or fund.

(B) The amount of the fee.

(C) The beginning and ending balance of the account or fund.

(D) The amount of the fees collected and the interest earned.

(E) 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.

(F) (i) 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.

(ii) An identification of each public improvement identified in a previous report pursuant to clause (i) and whether construction began on the approximate date noted in the previous report.

(iii) For a project identified pursuant to clause (ii) for which construction did not commence by the approximate date provided in the previous report, the reason for the delay and a revised approximate date that the local agency will commence construction.

(G) A description of each interfund 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

interfund 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.

(H) The amount of refunds made pursuant to subdivision (e) of Section 66001, the number of persons or entities identified to receive those refunds, and any allocations pursuant to subdivision (f) of Section 66001.

The City must also present this information at a regularly scheduled Council meeting no less than 15 days after making it available to the public.

**FISCAL IMPACT:**

None.

**ATTACHMENTS:**

A. Resolution with Exhibit 'A'

Attachment 'A'

**RESOLUTION NO. 24-\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN ACCEPTING DEVELOPMENT IMPACT FEES ANNUAL REPORT 2023 PER GOVERNMENT CODE SECTION 6600 (B) (1)**

WHEREAS, Assembly bill 1600 (AB 1600) which is also known as the Mitigation Fee Act, requires agencies to do an annual report with specific information in regards to each development impact fee; and

WHEREAS, the report must be completed 180 days after the last day of each fiscal year; and

WHEREAS, the report must also be available to the public no less than 15 days prior to the regularly scheduled Council meeting; and

WHEREAS, the City of Kerman has prepared the Development Impact Fee Annual Report 2023 (**Exhibit 'A'**) and made it available to the public as required by the Mitigation Fee Act .

NOW, THEREFORE, be it resolved by the City Council of the City of Kerman as follows:

1. The foregoing recitals are true and correct and incorporated by reference.
2. The Council approves the Development Impact Fee Annual Report 2023 as outlined in **Exhibit 'A'** which is incorporated herein by reference.
3. This resolution is effective upon adoption.

The foregoing resolution was adopted by the Kerman City Council at a regularly scheduled meeting held on the 10th day of April 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Maria Pacheco  
Mayor

ATTEST:

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Josie Camacho  
Interim City Clerk

Exhibit 'A'

**City of Kerman**  
**Development Impact Fees Annual Report FISCAL**  
**YEAR 2023**

Government Code Section 6600 (b) (1) requires that If a local agency requires the payment of a fee specified in subdivision (c) in connection with the approval of a development project, the local agency receiving the fee shall deposit it with the other fees for the improvement in a separate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments, and expend those fees solely for the purpose for which the fee was collected. Any interest income earned by moneys in the capital facilities account or fund shall also be deposited in that account or fund and shall be expended only for the purpose for which the fee was originally collected. Within 180 days after the last day of each fiscal year, the City must make available to the public the following information each fiscal year:

- A. A brief description of the type of fee in the account or fund
- B. The amount of the fee
- C. The beginning and ending balance of the account or fund
- D. The amount of the fees collected and the interest earned
- E. 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 public improvement that was funded with fees.
- F. An identification of an approximate date by which the construction of the public improvements with commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement.
- G. 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 upon which the loan will be repaid, and the rate of interest that the account or fund will received on the loan.

The City of Kerman has adopted development impact fees to finance projects to serve new development. The following information is presented to meet the requirements of Government Code section 66006 (b) (1)

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

CIP Administration (Fund 110)-This fee is used to cover the cost of staff and consultants for the Capital Improvement Plan and the Annual Development Impact Fee Review.

Facilities Construction (Fund 140)-This fee is used to construct new buildings and purchase additional equipment.

General Plan Impact Fee (Fund 170)-This fee is used to update the General Plan periodically.

Fire Facility (Fund 180)-This fee is collected to build a new station and for equipment for North Central Fire District (NCFD)

Jobs/Housing Mitigation Fee (Fund 300)-This fee is collected to pay for annual interest payments due on the infrastructure improvement loans.

Del Norte Sewer Trunk (Fund 425)-A special sewer trunk is required to serve future developments in the northern area of the City of Kerman due to inadequate capacity of the existing sewer trunk.

Storm Drain Acquisition (Fund 480)- This fee pays for the purchase of property of permanent storm drainage basins.

Storm Drain Facilities (Fund 490)-This fee pays for the construction of storm drain pipelines, manholes and inlets to convey storm water runoff to permanent basins.

Water Front Footage (Fund 520)-This fee is used to reimburse developers who install water mains in boundary streets that are later developed in another project.

Water Oversize (Fund 530)-This fee pays for the cost of installing water mains larger than 8" (inches) in diameter.

Water Major Facilities (Fund 540)-This fee is used for the construction of additional wells within the Sphere of Influence.

Sewer Front Footage (Fund 550)-This fee is used to reimburse developers who install sewer mains in boundary streets that are later developed as part of another project.

Sewer Oversize (Fund 560)-This fee pays for the cost of installing sewer mains larger than 8" in diameter.

Sewer Major Facilities (Fund 570)-This fee is used for future expansion of the Waste Water Treatment Plant (WWTP).

Park Development (Fund 580)-This fee includes landscaping, irrigation, playground equipment and site improvements for any City owned Parks.

Park Development/Quimby (Fund 590)-This fee is collected in lieu of dedication of new land for park development.

Major Streets (Fund 910)-This fee is collected for the installation of a median curb island with median landscaping and irrigation facilities plus the installation of two adjacent twelve foot travel lanes.

Major Streets Signal (920)-This fee is collected for four new traffic signals that are proposed to be installed.

Major Streets RR (Fund 930)-This fee is collected for three new railroad crossing signals that are proposed to be installed.

Outside Travel Lane (Fund 940)-This fee pays for the cost of installing the outside travel lane and shoulder paving on four-lane expressways and arterials where developers install those improvements.

**B. The amount of the fee**

The amounts of the fees are shown under **Attachment 'A'** which is incorporated by reference.

**C. The beginning and ending balance of the account or fund**

Beginning and ending balances of each fund are shown under **Attachment 'A'**. The reports include the beginning balance as of Fiscal Year 2020/2021 and ending balance as of Fiscal Year 2021/2022. Fiscal Year 2022/2023 is still being audited and estimated year end numbers are shown.

**D. The amount of the fees collected and the interest earned**

Interest is allocated to each fund based on the total fund balance at the end of each quarter. The interest amount is shown under **Attachment 'A'**.

**E. 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 public improvement that was funded with fees.**

The identification and percentages of each fund expenditures are shown under **Attachment A**. The City currently has reimbursement agreements in place with several developers for public improvements. Developers are in most cases paid annually based on calculations from the City Engineer.

**F. An identification of an approximate date by which the construction of the public improvements will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement.**

On an annual basis the City identifies capital improvements projects to be fully or partially funded with collected Development Impact Fees. Improvements may be constructed approximately 18 months after identification of funds use to allow for design development, permitting and construction advertisement processes.

**G. 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 upon which the loan will be repaid, and the rate of interest that the account or fund will received on the loan.**

Every fiscal year a \$125,000 loan payment is done from Fund 570 (Sewer Major Facilities) to help cover the SRF Loan Payment for the WWTP Expansion. Loan payments will be made until 2031.

**Conclusion**

This report provides the information required by Government Code Section 66006 (b) (1). It will be submitted to the City of Kerman City Council for review at a public meeting on April 10, 2023.

**ATTACHMENT 'A' TO FY 2023 DIF ANNUAL REPORT**

Fee	Fund	FY 2020/2021 Fund Balance	FY 2021/2022 Fund Balance	FY 22/23 Estimated Revenue ***	FY 22/23 Estimated Interest ***	FY 22/23 Estimated Expenses ***	Public Improvement	% Funded from DIF	FY 22/23 Estimated Fund Balance ***
CIP Administration	110	\$ 71,780.29	\$ 119,156.29	\$ 83,458.74	\$ 2,603.26	\$ -			\$ 205,218.29
Facilities Construction	140	\$ (195,677.94)	\$ (168,626.82)	\$ 221,610.20	\$ 207.52	\$ 21,412.18	PFA Lease Payment	21.02%	\$ 31,778.72
General Plan Impact Fee	170	\$ (306,061.64)	\$ (286,038.87)	\$ 51,302.50	\$ -	\$ 55,422.30	Housing Element	100%	\$ (290,158.67)
Fire Facility	180	\$ 499,180.02	\$ 563,070.33	\$ 122,249.40	\$ 9,122.55	\$ -			\$ 694,442.28
Jobs/Housing Mitigation Fee	300	\$ 66,417.86	\$ 66,715.64	\$ -	\$ 911.58	\$ -			\$ 67,627.22
Del Norte Sewer Trunk	425	\$ 30,417.36	\$ 47,141.36	\$ 6,554.00	\$ -	\$ -			\$ 53,695.36
Storm Drain Acquisition	480	\$ (54,084.80)	\$ (17,814.60)	\$ 44,739.90	\$ 1,618.87	\$ -			\$ 28,544.17
Storm Drain Facilities	490	\$ 301,654.43	\$ 370,702.98	\$ 19,322.90	\$ 4,095.80	\$ 123,130.00	Developer Reimbursement	100%	\$ 270,991.68
Water Front Footage	520	\$ 261,789.51	\$ 264,419.88	\$ 1,335.36	\$ 3,626.41	\$ -			\$ 269,381.65
Water Oversize	530	\$ 188,965.54	\$ 216,338.20	\$ 9,934.51	\$ 3,045.72	\$ -			\$ 229,318.43
Water Major Facilities	540	\$ 1,490,240.49	\$ 1,659,765.00	\$ 386,503.85	\$ 26,276.02	\$ 97,825.77	Basin C Groundwater Recharge/Well 12 & 14 Emergency Generators	100%/30.08%	\$ 1,974,719.10
Sewer Front Footage	550	\$ 15,145.91	\$ 16,599.11	\$ 1,252.20	\$ 239.89	\$ -			\$ 18,091.20
Sewer Oversize	560	\$ 82,184.23	\$ 131,465.83	\$ 69,308.62	\$ 2,587.77	\$ -			\$ 203,362.22
Sewer Major Facilities	570	\$ 7,363.29	\$ 94,515.11	\$ 435,022.08	\$ 6,369.76	\$ 125,000.00	WWTP Debt Payment	45.17%	\$ 410,906.95
Park Development	580	\$ (91,203.55)	\$ (181,540.66)	\$ 111,487.20	\$ -	\$ 218,079.31	Northwest Park/PFA/Eastside Community Park	100%/8.32%/48.22%	\$ (288,132.77)
Major Streets	590	\$ 154,304.34	\$ 215,684.51	\$ 56,003.30	\$ 3,478.11	\$ 8,474.95	PFA Lease Payment	8.32%	\$ 266,690.97
Major Streets	910	\$ 198,358.29	\$ 204,371.37	\$ 64,732.60	\$ 3,446.94	\$ 236,214.00	Developer Reimbursement	100%	\$ 36,336.91
Major Streets Signal	920	\$ 49,691.36	\$ 59,635.78	\$ 27,238.22	\$ 1,134.42	\$ 77,327.00	Developer Reimbursement	100.00%	\$ 10,681.42
Major Streets RR	930	\$ 279,244.37	\$ 30,024.62	\$ 45,042.60	\$ 325.18	\$ 60,076.22	Developer Reimbursement	100%	\$ 15,316.18
Outside Travel Lane	940	\$ 53,515.48	\$ 65,256.08	\$ 16,126.00	\$ 1,061.45	\$ 73,964.00	Developer Reimbursements (X2)	100%	\$ 8,479.53

\*\*\*FY 22/23 Audit is still not complete