



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 12/17/2024

ITEM NO: 16

DATE: November 22, 2024
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Receive a Fiscal Year (FY) 2023/24 Status Report on Receipt and Use of Development Impact Fees

RECOMMENDATION:

Receive a fiscal year (FY) 2023/24 status report on receipt and use of Development Impact Fees.

BACKGROUND:

To ensure that mitigation fees associated with private land use development are spent in a timely manner and on projects for which they were being collected, the State Legislature passed the Mitigation Fee Act (AB 1600). This bill applies to developer fees which were increased or imposed on or after January 1, 1989.

The Mitigation Fee Act (California Government Code, §66000 et seq.) requires local agencies that impose Development Impact Fees to present an annual, consolidated report showing the receipt and use of those fees. The Annual Status Report (Attachment 1) must be reviewed by the Council within 180 days after the close of the fiscal year represented.

The Town collects four Development Impact Fees that meet the AB 1600 reporting requirement: the Traffic Impact Mitigation Fee, the Below-Market Priced Housing Program In-Lieu Fee, the Construction Activity Impact Fee, and the Public Art Fee. Separate balances exist for each of these fees either as individual accounts or in the case of Traffic Impact Mitigation Fees, separate funds. As required by AB 1600, as of June 30, 2024, all accounts or funds with unspent balances have been credited interest revenue at the Town's current interest rate earned on its total.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Community Development Director, and Parks and Public Works Director

SUBJECT: Receive Fiscal Year (FY) 2023/24 Status Report on Receipt and Use of
Development Impact Fees

DATE: November 22, 2024

DISCUSSION:

AB 1600 requires that a status report be prepared annually which must include the following:

- A brief description of the fee and the fund into which the fee was deposited;
- The amount of the fee;
- The associated fund's beginning and ending balances for the fiscal year;
- The total amount of fees collected and interest earned;
- Identification of each public improvement on which impact fees were expended and the amount of expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with impact fees;
- Identification of the approximate date by which construction of a public improvement will begin;
- Determination as to whether sufficient funds have been collected to complete financing on an incomplete public improvement;
- Description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the loaned funds 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;
- Amount of any refunds made due to inability to expend impact fees once a determination is made that sufficient impact fees have been collected to finance a public improvement, the improvement remains incomplete, and the Town has not determined an approximate date by which construction will begin;
- Whenever the funds are held for five years or more, the Town must present plans or commitments to demonstrate the intended future use of these funds;
- Identification of public improvements identified in the previous report and information regarding whether construction began on the approximate date noted;
- For previously identified projects that did not start construction on the approximate date identified in the prior report, a reason for the delay and a revised approximate construction start date; and
- For any refunds made, the number of persons identified to receive those refunds.

This information is presented in the attached FY 2023/24 Annual Status Report on Receipt and Use of Development Impact Fees. The Report depicts balances and the intended use of balances, including decisions made after June 30, 2024, to demonstrate that the fees will be used for their respective purposes.

CONCLUSION:

Staff recommends the Council receive the FY 2023/24 Annual Status Report on Receipt and Use of Development Impact Fees as required under the Mitigation Fee Act (AB 1600).

PAGE 3 OF 3

SUBJECT: Receive Fiscal Year (FY) 2023/24 Status Report on Receipt and Use of
Development Impact Fees

DATE: November 22, 2024

COORDINATION:

This report was coordinated with the Community Development and Park and Public Works
Departments.

FISCAL IMPACT:

There is no fiscal impact from this action.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachment:

1. FY 2023/24 Annual Status Report on Receipt and Use of Development Impact Fees