



City Council Meeting Staff Report

Meeting Date: January 13, 2026

Subject: Mitigation Fee Act (AB 1600) Report for Fiscal Year 2025

Prepared By: Susan Mahoney, Finance Director

Recommendation: Staff recommends the City Council receive and file the Mitigation Fee Act (AB 1600) Report on Development Impact Fees for the fiscal year ending June 30, 2025, and consider adoption of a resolution regarding Fees Collected for Public Facilities Related to Development and Remaining Unexpended After Five Years.

Discussion: Cities and counties often charge fees on new development to fund public improvements, public amenities, and public services to support new development. These fees are commonly known as development impact fees (Developer Fees). In 1989, the State Legislature passed Assembly Bill 1600 (The Mitigation Fee Act) which added Section 66000 to the California Government Code. That legislation sets forth requirements that local agencies must follow if they are to collect fees from developers to defray the cost of public facilities or public services related to development projects.

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 and the public improvement being financed with the fee.
2. The fee revenue 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 each fiscal year after the five years has expired.
4. If a local jurisdiction cannot make the findings required under paragraph 3, then the city or county must go through a refund procedure.

The City of Wheatland collects the following fees that qualify as Development Impact Fees and therefore must comply with the above referenced Government Code Section:

Sewer Collection, Bear River Levee, Regional Bypass, Storm Drainage, Road Circulation, Wastewater Treatment, Water Distribution, City Hall Facilities, Vehicles and Equipment, Public Works Facilities, Law Enforcement Facilities, Fire Protection Facilities, Parkland Facilities, Public Meeting Facilities, Pool Facilities

The Mitigation Fee Act (AB 1600) does not apply to fees collected under development agreements. The Sewer Collection Impact Fee fund received fees in fiscal years 2006 through 2009 based on development agreements for Caliterra, Heritage Oaks East and Heritage Oaks West projects. These fees, totaling \$7,007,000, are not subject to AB 1600 and have been deducted from the Sewer Collection Impact Fee fund balance.

As required by law, Development Impact Fees are segregated and accounted for as Special Revenue Funds. The ending balances shown in the AB 1600 Report are net of cash, receivables, and payables. The City’s annual audited financial statement provides a detailed breakdown for each ending balance.

Government Code Section 66001 requires the City to make available to the public certain information regarding these fees for each fund within 180 days after the end of each fiscal year. Accordingly, the attached Mitigation Fee Act (AB 1600) Report for Fiscal Year Ending June 30, 2025, report is presented to the City Council for review and is posted on the City's website.

Also, as required by law, the Council must confirm by resolution that:

1. All unexpended development fee funds held in excess of five years are to construct the projects, purchase equipment or provide services identified in the Development Impact Fee Updated Nexus Study dated June 15, 2022.
2. There continues to be a reasonable relationship between the City's development impact fees and the projects defined in the study referenced above.
3. The City anticipates collecting additional development fee revenue to construct the improvements, purchase the equipment and provide the services described in the study referenced above.

At its June 28, 2022 meeting, the City Council passed Resolution 26-22 adopting a Development Impact Fee Updated Nexus Study. The results of that study are the basis for this AB 1600 report.

Fiscal Impact: There is no fiscal impact associated with this item.

Attachment:

1. Mitigation Fee Act (AB 1600) Report for the fiscal year ended June 30, 2025
2. Resolution