



# Agenda Report

City Council

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**Date:** December 14, 2021  
**To:** Brian Saeki, City Manager  
**From:** Alice Hui, Assistant Director of Administrative Services  
**Subject:** Annual Assembly Bill 1600 Impact Fee Report

## **RECOMMENDATION**

Approve report pursuant to Government Code Subsection 66006(b)(1) for both the annual and five-year funding requirements.

## **BACKGROUND**

State of California Assembly Bill 1600 (AB 1600) – the Mitigation Fee Act (Gov. Code, Sections 66000 et seq.) sets forth the standards against which monetary exactions on development projects are measured.

On May 7, 1991, the City Council adopted Resolution No. 6123 establishing a water connection fee, which is treated as development impact fee. This fee includes contributions from developers and new applicants for water service. The purpose of the fee is to address the needs of additional water system capacity, required because of anticipated demand and the required new fire suppression capacity, such that existing users are not subsidizing newcomers, and newcomers are not subsidizing existing users.

On May 25, 2010, the City Council adopted Ordinance Nos. 2953 and 2954, establishing its first development impact fees related to parks, recreation, and library. The fees are associated with residential developments and intended to address the needs of increasing populations and their demand on related facilities. The fees studied and approved included:

- Library & Collection Facilities
- Public Use (Community) Facilities
- Aquatic Facilities
- Park Land Acquisition & Facility Development

## **DISCUSSION**

The purpose of this report is to address findings and compliance reporting and provide the community with information regarding the status and use of fees collected under the Mitigation Fee Act (Gov. Code Sections 66000 et seq.), commonly called Impact Fees. This required compliance report provides information on activity and account balances. If impact fee monies have not been spent within five years of receipt, the City is required to make findings, regardless of whether those funds are committed or uncommitted.

Details of available utility related development impact fees are as follows:

Water Connection Fee

Water Connection impact fees were established to assist in financing the replacement of water mains throughout the entire distribution system that are undersized for required Fire Flow. The fee is charged pursuant to Resolution No. 2019-27 (amendment to 8865) as below:

<u>Meter Size</u>	<u>Fee</u>
¾ inch	\$2,861
1 inch	\$4,778
1½ inch	\$9,527
2 inch	\$15,249
3 inch	\$28,610
4 inch	\$47,693
6 inch	\$95,357
8 inch	\$152,577

The following shows activities in Fiscal Year 2020-21:

Balance at July 1, 2020	\$ 1,215,677
Add: Revenues	1,277,936
Add: Interest	<u>35,639</u>
Balance at June 30, 2021	<u>\$ 2,529,252</u>
 Revenues Received prior to June 30, 2016	 \$ 34,501

\$34,501 was received prior to the Fiscal Year 2016-17 and will be spent on the Water Transmission Main Valve Replacement Phase II Project. The project is anticipated to be awarded in February with construction to begin in mid-March of 2022. The current balance of \$2,529,252 accumulated since Fiscal Year 2016-17, including interest, is reserved to supplement for expenditure on undersized water main replacement projects in Fiscal Year 2021-22 and 2022-23.

Details of available non-utility related development impact fees are as follows:

Library and Collection

Library Facilities and Collection impact fees were established for the construction of additional library space, expansion of collections and technology improvements to accommodate increasing populations. The fee is charged pursuant to Resolution No. 8290 as below:

<u>Proposed Land Use</u>	<u>Impact Fee Per Unit</u>
Detached Dwelling Unit	\$1,017

Attached Dwelling Unit	\$848
Mobile Home Dwelling Unit	\$553
Assisted Care Living Units	\$288

The following shows activities in Fiscal Year 2020-21:

Balance at July 1, 2020	\$ 58,494
Add: Revenues	694,389
Add: Interest	3,628
Less: Expenditures	<u>(756,511)</u>
Balance at June 30, 2021	<u>\$ 0</u>
Revenues Received prior to June 30, 2016	\$ 0

\$694,389 was received during the Fiscal Year 2020-21. The total of \$756,511 or 5% of the total project costs, was utilized to fund the Central Library Expansion and Remodel project approved by City Council at the July 9, 2019 meeting. The total project costs are estimated at approximately \$16.1M and the anticipated completion date is projected to be December 31, 2022.

Park Land Acquisition & Facility Development

Park Land Acquisition and Park Facilities Development impact fees were established for the acquisition and development of new trails, parks, the construction of recreational facilities, and for the improvement of existing undeveloped parklands. The fee is charged pursuant to Resolution No. 8290 as below:

<u>Proposed Land Use</u>	<u>Impact Fee Per Unit</u>
Detached Dwelling Unit	\$5,667
Attached Dwelling Unit	\$4,728
Mobile Home Dwelling Unit	\$3,082
Assisted Care Living Units	\$3,038

The following shows activities in Fiscal Year 2020-21:

Balance at July 1, 2020	\$ 1,793,070
Add: Revenues	3,870,879
Add: Interest	50,185
Less: Expenditures	<u>(1,014,986)</u>
Balance at June 30, 2021	<u>\$ 4,699,148</u>
Revenues Received prior to June 30, 2016	\$ 192,432

\$1,014,986 was spent during Fiscal Year 2020-21 on the Lee Owens Park Renovation project. Monies received prior to Fiscal Year 2016-17 are currently uncommitted and being accumulated to assist with the acquisition and development of new park facilities

within the City, such as developing sports fields in partnership with area school districts, and repurposing underutilized and unused space at Broadway Park.

Aquatic Facilities

Aquatic Facilities impact fees were established to provide maintenance of the City's existing pool complex and for additional new water features to increase capacity. The fee is charged pursuant to Resolution No. 8290 as below:

<u>Residential Land Use</u>	<u>Impact Fee Per Unit</u>
Detached Dwelling Unit	\$46
Attached Dwelling Unit	\$38
Mobile Home Dwelling Unit	\$25
Assisted Care Living Units	\$25

The following shows activities in Fiscal Year 2020-21:

Balance at July 1, 2020	\$ 14,458
Add: Revenues	31,204
Add: Interest	494
Balance at June 30, 2021	<u>\$ 46,156</u>
Revenues Received prior to June 30, 2016	\$ 9,746

Monies received prior to Fiscal Year 2016-17 are currently uncommitted and being accumulated to assist with the renovation of men's and women's locker rooms at Palm Park Aquatic Center.

Public Use (Community) Facilities

Public Use Facilities Impact fees were established for the construction of additional community center space for general public use. The fee is charged pursuant to Resolution No. 8290 as below:

<u>Residential Land Use</u>	<u>Impact Fee Per Unit</u>
Detached Dwelling Unit	\$963
Attached Dwelling Unit	\$803
Mobile Home Dwelling Unit	\$524
Assisted Care Living Units	\$516

The following shows activities in Fiscal Year 2020-21:

Balance at July 1, 2020	\$ 56,593
Add: Revenues	657,534
Add: Interest	3,365
Less: Expenditures	<u>(56,593)</u>

Balance at June 30, 2021	<u>\$ 660,899</u>
Revenues Received prior to June 30, 2016	\$ 0

\$56,593 was spent during Fiscal Year 2020-21 on a portion of the community meeting room expansion component of the Central Library remodel and expansion project. The current balance of \$660,899 accumulated since Fiscal Year 2016-17, including interest, is reserved for the renovation of Broadway Park.

**FISCAL IMPACT**

There is no fiscal impact associated with this report.

**STRATEGIC PLANNING GOAL**

- Goal 2: Ensure Long-Term Financial Sustainability
- Goal 3: Maintain & Enhance Quality of Life
- Goal 4: Transparent & Open Government

**ATTACHMENTS**

None.