

## REPORT TO THE CITY COUNCIL

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**DATE:** December 3, 2019

**TITLE:** AB 1600 Annual Report – Development Impact Fees and Resolution Making Findings and Reaffirming the Necessity of Certain Development Impact Fees

**Prepared by:** Viviana Gonzalez-Osorio, Management Analyst

**Reviewed by:** Geoffrey Buchheim, Finance Director

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### RECOMMENDATION

- 1) Staff Report
- 2) Entertain questions from Staff and from the City Council;
- 3) Open the Public Hearing;
- 4) Take testimony from those in favor;
- 5) Take testimony from those opposed;
- 6) Take testimony from those in a neutral position;
- 7) Close the Public Hearing;
- 8) Review and accept the AB 1600 Annual Report on Development Impact Fees for the period ending June 30, 2019 (Exhibit 1); and
- 9) Adopt a Resolution of the City Council making findings and reaffirming the necessity of certain Development Impact Fees.

### BACKGROUND

Government Code section 66000 *et seq.*, commonly known as AB 1600, require both charter and general law cities imposing development impact fees (“DIFs”) to prepare an annual public report providing specific information about those fees. To satisfy this requirement, City Finance Staff annually completes a report documenting the expenditures made with DIFs collected and includes statutorily-required information such as the beginning and ending balances of each account/fund, the amount of DIFs collected, and interest accrued during the year. Staff has completed the AB 1600 Report (Exhibit 1) for this purpose and recommends acceptance and approval of the report after closing the public hearing.

AB 1600 further requires that five years following the first deposit into an impact fee account/fund (and every fifth year thereafter) the City make certain findings as to any portion of such account/fund which remains unexpended (unspent). The findings must: (1) identify the purpose to which the fee is to be put; (2) demonstrate a nexus between the fee and the purpose for which it was originally charged; (3) identify all sources and amounts of funding anticipated to complete financing of incomplete improvements; and (4) provide the approximate dates on which the anticipated funding is expected to be deposited into the account/fund.

### DISCUSSION

This year, staff prepared the annual AB 1600 Report to meet these five-year requirements for the unexpended amounts in the Fire Suppression and Response Vehicles Fund and the Storm Drain Facilities Fund for the following purposes:

**Fire Suppression and Response Vehicles Fund** monies have been retained by the City due to the high costs associated with the purchase of land, design and construction of a new fire station in the easterly part of the City (Hacienda and Desert View is the general area). A reasonable relationship exists between the need for this fire station and future commercial and residential development because new developments in that part of the City will need fire suppression facilities near adequately protect life and property.

**Storm Drain Facilities Fund** monies have been retained by the City to accumulate the amounts needed to comprehensively design and construct storm drains and flood protection projects that are triggered by new development, rather than do so in a piecemeal fashion.

The attached Resolution (Exhibit 2) specifies these findings and City Council's approval thereof. Staff has further advised the Desert Valley Builders Association of the status of DIF funds and they approved the report as presented. The AB 1600 report covers fiscal year 2018-2019 and the preceding five years, as it pertains to Fire Suppression and Storm Drain accounts/funds.

**FISCAL IMPACT:**

As of June 30, 2019, the available fund balances were as follows:

• Fire DIF	\$ 661,129
• Parks DIF	\$ 28,351
• Streets/Traffic Signal/Bridges DIF	\$ 2,004,989
• General Facilities DIF	\$ 52,884
• Law Enforcement DIF	\$ 509,528
• Community Center DIF	\$ 263,520
• Aquatics DIF	\$ 32,532
• Storm Drainage DIF	\$ 242,109

**EXHIBIT(S)**

- 1) AB 1600 Annual DIF Report – Development Impact Fees Fiscal Year 2018-2019
- 2) Resolution Making Findings and Reaffirming the Necessity of Certain Development Impact Fees
- 3) Copy of Public Hearing Notice
- 4) Copy of letter from Desert Valley Builders Association approving the AB 1600 Annual Affordable Fees Report