



# COUNCIL REPORT

**DATE:** November 7, 2023

**CATEGORY:** Consent

**DEPT.:** Finance and Administrative Services

**TITLE:** **Fiscal Year 2022-23 Annual Compliance Report for Development Impact Fees and Capacity Charges; and Informational Reporting of Park Land Dedication Fees**

## **RECOMMENDATION**

Make available to the public the Fiscal Year 2022-23 Annual Compliance Report for Development Impact Fees and Capacity Charges; and Informational Reporting of Park Land Dedication Fees, and place the reports on the agenda for the December 5, 2023 Council Meeting.

## **BACKGROUND**

The City levies fees on new development within the City in order to fund public capital improvements necessitated by such development. The California Mitigation Fee Act, commonly known as AB 1600 (Government Code Sections 66000 and following), regulates how public agencies collect, maintain, and expend these fees, also known as impact or development fees, imposed on developers for the purpose of defraying costs of public facilities related to the development. It also imposes certain accounting and reporting requirements on local agencies that collect development fees. The Mitigation Fee Act mandates that, for accounting purposes, development fees must be segregated from the general funds of the City and from other funds containing fees collected for other improvements. Interest on each development fee fund must be credited to that fund and used only for the purposes for which the fees were collected.

Over time, the City has adopted various impact fees subject to the Mitigation Fee Act:

- Citywide Transportation Impact Fee;
- Housing Impact Fee;
- Rental Housing Impact Fee;
- North Bayshore Development Impact Fee;
- Water Development Impact Fee; and
- Sewer Development Impact Fee.

Water Capacity Charges and Sewer Capacity Charges were adopted by the City Council effective July 1, 2015 and are governed by California Government Code (CGC) Section 66013.

CGC Section 66006(b)(1)(A-H) requires local agencies, within 180 days after the last day of each fiscal year, to make available to the public the following information:

- Description of the type of fee;
- Amount of fee;
- Beginning and ending balances, amount of fees collected, and interest earned;
- Identification of each public improvement on which fees were expended;
- Identification of approximate date by which construction will commence once sufficient funds have been collected;
- Description of each interfund transfer or interfund loan made from the fund; and
- Amount of refunds made.

Attached are the City's Annual Compliance Report for Development Impact Fees (Attachment 1), Annual Compliance Report for Capacity Charges (Attachment 2); and Informational Reporting of the Park Land Dedication Fees (Attachment 3) for the fiscal year ending June 30, 2023, prepared in compliance with CGC Sections 66001, 66006, 66008, 66013, and 66477.

In addition, CGC Section 66006(b)(2) requires the information be made available to the public at the next regularly scheduled public meeting, but not fewer than 15 days after this information is made available to the public. No Council action is required on this item at this time. The report will be placed on the agenda for consideration at the December 5, 2023 City Council meeting.

### **ANALYSIS**

The attached reports provide the mandated detailed information about each of the impact fees and capacity charges, including a description and amount of the fee or charge, beginning and ending balances, public improvements funded by the fee or charge, and any findings related to the planned uses of remaining unexpended funds. As communicated in the attached reports, significant improvements and benefits have been achieved through use of these fees. In addition, the Informational Reporting of Park Land Dedication Fees provides detailed information regarding the commitment of Park Land Dedication fees within five years after receipt or issuance of the building permit, whichever occurs later.

The following table provides a fund summary of available balances illustrated in the more detailed compliance reports in Attachments 1 through 3.

FEE/FUND CATEGORY	UNEXPENDED/AVAILABLE FUND BALANCE June 30, 2023*
<b>Development Impact Fees (Attachment 1)</b>	
Citywide Transportation Impact Fund	\$2,007,013
Housing Impact Fund	\$17,939,038
Rental Housing Impact Fund	\$2,465,939
North Bayshore Development Impact Fund— Transportation	\$14,965,808
North Bayshore Development Impact Fund— Water	\$4,349,064
North Bayshore Development Impact Fund— Sewer	\$833,562
Sewer Development Impact Fund	\$680,694
<b>Capacity Charges (Attachment 2)</b>	
Water Capacity Charges Fund	\$4,596,380
Sewer Capacity Charges Fund	\$10,825,788
<b>Park Land Dedication Fees (Attachment 3)</b>	
Park Land Dedication Fund	\$48,087,831

\* Balances are net of committed Council funds for future projects.

**FISCAL IMPACT**—None.

**ALTERNATIVE**

Do not place the Annual Compliance Report on the Council agenda and provide the information to the public through another mechanism.

**PUBLIC NOTICING**—Agenda posting.

Prepared by:

Elliot Young  
Senior Financial Analyst

Grace Zheng  
Assistant Finance and Administrative  
Services Director

Approved by:

Derek Rampone  
Finance and Administrative  
Services Director

Arn Andrews  
Assistant City Manager

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- Attachments:
1. Fiscal Year 2022-23 Annual Compliance Report for Development Impact Fees
  2. Fiscal Year 2022-23 Annual Compliance Report for Capacity Charges
  3. Fiscal Year 2022-23 Informational Reporting of Park Land Dedication Fees