

# City of Calistoga

## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** Dylan Feik, City Manager  
**DATE:** April 5, 2016  
**SUBJECT:** Development Impact Fees Annual Report in Compliance with Assembly Bill 1600

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APPROVAL FOR FORWARDING:

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Dylan Feik, City Manager

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2 **ISSUE:** To accept and file the 2014-15 Assembly Bill 1600 (AB 1600) development fee  
3 report.

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5 **RECOMMENDATION:** Adopt annual development fee report.

6  
7 **BACKGROUND:** State law (California Government Code Section 66006) requires each  
8 local agency that imposes AB 1600 development impact fees to prepare an annual report  
9 providing specific information about those fees. The AB 1600 legal requirements stipulate  
10 that fees imposed on new development have the proper nexus to any project on which  
11 they are imposed. In addition AB 1600 imposes certain accounting and reporting  
12 requirements with respect to the fees collected. The fees for accounting purposes must be  
13 segregated from the General Fund of the City and from other funds or accounts containing  
14 fees collected for other improvements. Interest on each development fee fund or account  
15 must be credited to the fund or account and used only for the purpose for which fees were  
16 collected.

17  
18 California Code Section 66006(b) requires the local agency for each separate account or  
19 fund, within 180 days after the last day of the fiscal year to make available to the public the  
20 following information for the fiscal year:

- 21  
22
- A brief description of the type of the fee in the account or fund
  - The amount of the fee
  - The beginning and ending balance of the account or fund
  - The amount of the fees collected and interest earned
  - The amount of the expenditures on each improvement
  - The amount of any interfund transfers or loans made, and in the case of an  
28 interfund loan, the date on which the loan will be repaid, and the rate of interest that  
29 the account or fund will receive on the loan.
- 30

31 California Government Code Section 66001(d) requires the local agency to file the report  
32 every fifth year with respect to the portion of the account remaining unexpended, whether  
33 committed or uncommitted.

34 If the agency no longer needs the funds for the purposes collected, or if the agency fails to  
35 make required findings, or perform certain administrative tasks prescribed by AB 1600, the  
36 agency may be required to refund, on a prorated basis to owners of the properties upon  
37 which the fees for the improvement were imposed, the monies collected for that project  
38 and any interest earned on those funds.

39 The report must also be reviewed by the City Council at a regularly scheduled public  
40 meeting not less than 15 days after the information is made available to the public. In  
41 addition, notice of the time and place of the meeting shall be mailed at least 15 days prior  
42 to the meeting to any interest party who files a written request with the local agency for  
43 such a mailed notice. This report was filed with the City Clerk's office and available for  
44 public review on March 22, 2016.

45

46 **DISCUSSION:** Development impact fees are charged by a local governmental agency to  
47 an applicant in connection with approval of a development project. The purpose of these  
48 fees is to defray all or a portion of the cost of public facilities related to the development  
49 project. The legal requirements for enactment of a development impact fee program are  
50 set forth in Government Code Section 66000-66025 (the Mitigation Fee Act"), the bulk of  
51 which was adopted as 1987's AB 1600 and thus commonly referred to as "AB 1600  
52 requirements."

53 Development fees were adopted 15-20 years ago and were updated to reflect the current  
54 costs of public facilities and equipment as well as affordable housing through Ordinance  
55 Nos. 704 and 705 in December 2014.

56

57 Fees are collected at the time a building permit is issued for the purpose of mitigating the  
58 impacts caused by new development on certain public facilities. Facility fees are used to  
59 finance the acquisition, construction and improvement of public facilities needed as a result  
60 of this new development. A separate fund has been established to account for the impact  
61 of new development on each of the following types of public facilities: public safety,  
62 administrative facilities, fire, police, transportation, affordable housing, cultural/recreation,  
63 traffic signal, northwest drainage, water and wastewater. As of June 30, 2015, none of the  
64 funds have been held beyond the five year period as described in AB 1600.

65

66 State law requires the City prepare and make available to the public an annual report for  
67 each fund established to account for the Development Impact Fees. The attached report  
68 includes the beginning and ending balances by public facility type for the fiscal year, as  
69 well as any changes. The report also presents the amount of fees, interest and other  
70 income, expenditures and amount of any required refunds made during the fiscal year.

71 The City Council must review the annual report at a regularly scheduled public meeting not  
72 less than fifteen days after the information is made available to the public. This report was  
73 filed with the City Clerk's office and available for public review on March 22, 2016.

74  
75 **FISCAL IMPACT:** None.

76  
77 **ATTACHMENTS:**  
78 1. Draft Resolution  
79 2. Description of Development Impact Fees  
80 3. Annual Report on Analysis of Changes in Fund Balance for Developer's Impact Fees as  
81 of June 30, 2015

**RESOLUTION NO. 2016-XXX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, ACCEPTING THE FISCAL YEAR 2014-15 ANNUAL REPORT OF DEVELOPER IMPACT FEES (AB 1600 REPORT)**

1           **WHEREAS**, the City of Calistoga imposes fees to mitigate the impact of  
2 development pursuant to Government Code Section 66000 et seq.; and

3           **WHEREAS**, said fees collected are deposited into a special and separate  
4 capital account for each type of improvement funded by development fees; and

5           **WHEREAS**, the City maintains separate funds for public safety,  
6 administrative facilities, fire, police, transportation, affordable housing,  
7 cultural/recreational, traffic signal, northwest drainage, water and wastewater;  
8 and

9           **WHEREAS**, the City is required within 180 days after the last day of each  
10 fiscal year to make available to the public information for the fiscal year regarding  
11 these fees under Government Code Section 66006; and

12           **WHEREAS**, City staff has prepared a report ("AB 1600 Report") that  
13 contains the information required by Government Code Section 66006; and

14           **WHEREAS**, no loans were made from any of the accounts identified in the  
15 AB 1600 Report; and

16           **WHEREAS**, there were no refunds of development impact fees collected  
17 pursuant to Government Code Section 66001 (e), nor were there any allocations  
18 of unexpended revenues collected pursuant to Government Code Section 66001  
19 (f); and

20           **WHEREAS**, the AB 1600 Report was made available for review on March,  
21 22, 2016, more than fifteen (15) days prior to the date the Council considered the  
22 AB 1600 Report; and

23           **WHEREAS**, no interested persons have requested notice of the AB 1600  
24 Report; consequently no notices of availability of the AB 1600 Report were  
25 mailed.

26           **NOW, THEREFORE, BE IT RESOLVED:**

27           Section 1:

28           A. In accordance with Government Code Section 66006, the City has  
29 conducted an annual review of its development impact fees and capital  
30 infrastructure programs and the City Council has reviewed the AB 1600  
31 Report attached hereto as Exhibit A and incorporated therein by this  
32 reference.

33           B. The City Council hereby approves, accepts and adopts the AB 1600  
34 Report.

35 Section 2: Effective Date: The resolution shall take effect immediately upon  
36 adoption.

37 Section 3: Severability. If any section, subsection, sentence, clause, phase or  
38 portion of this Resolution is for any reason held invalid or unconstitutional,  
39 such decision shall not affect the validity of the remaining portions of this  
40 Resolution.

41

42 The City Council hereby declares that it would have passed this Resolution  
43 and each section, subsection, sentence, clause or phase thereof irrespective  
44 of the fact that any one of or more sections, subsections, clauses, or phases  
45 be declared unconstitutional on their face or as applied.

46

47 **PASSED, APPROVED AND ADOPTED** by the City Council of the City of  
48 Calistoga at a regular meeting held this 5th day of April, 2016, by the following  
49 vote:

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**AYES:**

51

**NOES:**

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**ABSENT:**

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**ABSTAIN:**

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\_\_\_\_\_  
**CHRIS CANNING, Mayor**

55

**ATTEST:**

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\_\_\_\_\_  
**KATHY FLAMSON, City Clerk**

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AB 1600 Development Fees

Description of Fees

The AB 1600 Development Fee is used only for the construction and the expansion of infrastructure to accommodate growth, not for operating or maintenance costs. Revenue will be used to maintain infrastructure standards for nine capital types:

- Public Safety
- City Administrative Facilities
- Fire
- Police
- Transportation
- Affordable Housing
- Cultural/Recreational
- Traffic Signal
- Northwest Drainage
- Water Impact
- Sewer Impact

Public Safety AB 1600 development fees are used to fund expansion of facilities or replacement of capital equipment and vehicles.

City Administrative Facilities AB 1600 development fees will cover new development's share of the costs associated with a new City Hall and Community Center facility, including land acquisition.

Fire AB 1600 development fees will cover new development's share of the costs associated with the replacement of capital equipment and vehicles. Capital items will depreciate more quickly as new development occurs and the City's service population grows.

Police AB 1600 development fees will cover will cover new development's share of the costs associated with the replacement of capital equipment and vehicles. Capital items will depreciate more quickly as new development occurs and the City's service population grows.

Transportation AB 1600 development fees will cover new development's share of the costs associated with providing infrastructure improvements necessary to accommodate the increase in traffic and bicycle-associated improvements associated with new development.

Affordable Housing AB 1600 development fees will cover new development's share of the costs associated with construction and preservation of affordable to very low-, low- and moderate-income households.

Cultural/Recreational AB 1600 development fees are designed to cover the costs associated with new parks and recreation facilities required to serve future growth in Calistoga.

Traffic Signal AB 1600 development fees will cover future improvements.

*AB 1600 development fees (cont.)*

Northwest Drainage AB 1600 development fees are used to fund the design and construction of drainage infrastructure improvements to mitigate the impact of new development.

Water Impact AB 1600 development fees are used to fund the design and construction of water supply, water treatment and distribution system infrastructure improvements to cover the costs associated with new development.

Sewer Impact AB 1600 development fees are used to fund the design and construction of wastewater treatment and collection infrastructure improvements to cover the costs associated with new development

City of Calistoga  
 Annual Report on Developers' Funds Per GC 66000  
 Analysis of Changes in Fund Balance/Working Capital Including beginning and ending balances, fees collected and interest earned  
 For the Fiscal Year Ended June 30, 2015

	Public Safety	City Administrative Facilities	Fire	Police	Transportation	Affordable Housing	Cultural /Recreational	Traffic Signal	North West Drainage	Water	Wastewater
Revenues:											
Charges for services	\$ 73,828	\$ 7,731	\$ 6,513	\$ 1,731	\$ 28,383	\$ 91,420	\$ 131,898	\$ 61,763	\$ 160	\$ 91,436	\$ 155,562
Interest	602	18	15	4	65	1,158	15	529	7	1,211	1,633
Total revenues	74,430	7,749	6,528	1,735	28,448	92,578	131,913	62,292	167	92,647	157,195
Expenditures:											
Current:											
Public safety	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	43,005	622,804
Housing	-	-	-	-	15,000	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	58,000	-
Interest	-	-	-	-	-	-	-	-	-	76,300	-
Total expenditures	-	-	-	-	-	15,000	-	-	-	177,305	622,804
Excess (deficiency) of revenues over (under) expenditures	74,430	7,749	6,528	1,735	28,448	77,578	131,913	62,292	167	(84,658)	(465,609)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	124,649
Transfers out	(254,329)	-	-	-	-	-	(130,507)	-	-	(371,334)	(712,770)
Total other financing sources (uses)	(254,329)	-	-	-	-	-	(130,507)	-	-	(371,334)	(588,121)
Net change in fund balances	(179,899)	7,749	6,528	1,735	28,448	77,578	1,406	62,292	167	(455,992)	(1,053,730)
Fund balances, July 1	442,462	-	-	-	-	424,578	5,207	168,348	2,967	991,302	1,053,730
Fund balances, June 30	\$ 262,563	\$ 7,749	\$ 6,528	\$ 1,735	\$ 28,448	\$ 502,156	\$ 6,613	\$ 230,640	\$ 3,134	\$ 535,310	\$ -