

City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Dylan Feik, City Manager
DATE: January 17, 2017
SUBJECT: Development Impact Fees Annual Report in Compliance with Assembly Bill 1600

APPROVAL FOR FORWARDING:



Dylan Feik, City Manager

1
2 **ISSUE:** To accept and file the 2015-16 Assembly Bill 1600 (AB 1600) development fee
3 report.

4
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
- 23
24
25

- The amount of the expenditures on each improvement
- The amount of any interfund transfers or loans made, and in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.

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

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

The report must also be reviewed by the City Council at a regularly scheduled public meeting not less than 15 days after the information is made available to the public. In addition, notice of the time and place of the meeting shall be mailed at least 15 days prior to the meeting to any interest party who files a written request with the local agency for such a mailed notice. This report was filed with the City Clerk's office and available for public review on December 30, 2016.

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

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

Fees are collected at the time a building permit is issued for the purpose of mitigating the impacts caused by new development on certain public facilities. Facility fees are used to finance the acquisition, construction and improvement of public facilities needed as a result of this new development. A separate fund has been established to account for the impact of new development on each of the following types of public facilities: public safety, administrative facilities, fire, police, transportation, affordable housing, cultural/recreation, traffic signal, northwest drainage, water and wastewater. As of June 30, 2016, none of the funds have been held beyond the five year period as described in AB 1600.

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 December 30, 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, 2016

RESOLUTION NO. 2017-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, ACCEPTING THE FISCAL YEAR 2015-16 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 December
21 30, 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 The City Council hereby declares that it would have passed this Resolution
42 and each section, subsection, sentence, clause or phase thereof irrespective
43 of the fact that any one of or more sections, subsections, clauses, or phases
44 be declared unconstitutional on their face or as applied.

45
46 **PASSED, APPROVED AND ADOPTED** by the City Council of the City of
47 Calistoga at a regular meeting held this 17th day of January, 2017, by the
48 following vote:

49 **AYES:**
50 **NOES:**
51 **ABSENT:**
52 **ABSTAIN:**

53

54

55

CHRIS CANNING, Mayor

56

ATTEST:

57

58

59

60

MELISSA VELASQUEZ, Deputy City Clerk

CITY OF CALISTOGA

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, 2016

	Public Safety	City Administrative Facilities	Fire	Police	Transportation	Affordable Housing	Cultural /Recreational	Traffic Signal	North West Drainage	Water	Wastewater
Revenues:											
Charges for services	\$ -	\$ 17,610	\$ 14,847	\$ 3,933	\$ 68,170	\$ 16,566	\$ 48,831	\$ -	\$ -	\$ 70,239	\$ 79,724
Miscellaneous	-	-	-	-	-	145,348	-	-	-	-	-
Interest	173	89	75	20	339	11,250	45	808	11	1,295	474
Total revenues	173	17,699	14,922	3,953	68,509	173,164	48,876	808	11	71,534	80,198
Expenditures:											
Current:											
Public safety	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	57,618	209,742
Housing	-	-	-	-	-	737,262	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Debt service:											
Principal	-	-	-	-	-	-	-	-	-	60,000	-
Interest	-	-	-	-	-	-	-	-	-	75,071	-
Total expenditures	-	-	-	-	-	737,262	-	-	-	192,689	209,742
Excess (deficiency) of revenues over (under) expenditures	173	17,699	14,922	3,953	68,509	(564,098)	48,876	808	11	(121,155)	(129,544)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	220,000	-	-	-	-	129,544
Transfers out	(253,650)	-	-	-	-	(100,000)	(42,477)	-	-	(123,816)	-
Total other financing sources (uses)	(253,650)	-	-	-	-	120,000	(42,477)	-	-	(123,816)	129,544
Net change in fund balance	(253,477)	17,699	14,922	3,953	68,509	(444,098)	6,399	808	11	(244,971)	-
Fund balance, July 1	262,583	7,749	6,528	1,735	28,448	502,156	6,613	230,640	3,134	535,310	-
Prior period adjustment	-	-	-	-	-	901,500	-	-	-	(249,813)	-
Fund balance, July 1 restated	262,583	7,749	6,528	1,735	28,448	1,403,656	6,613	230,640	3,134	285,497	-
Fund balance, June 30	\$ 9,106	\$ 25,448	\$ 21,450	\$ 5,688	\$ 96,957	\$ 959,558	\$ 13,012	\$ 231,448	\$ 3,145	\$ 40,526	\$ -

*Prior period adjustment is for transfers out in FY 14-15 to Water operations for debt service payments