

# City of Hesperia STAFF REPORT



**DATE:** December 16, 2025

**TO:** Mayor and Council Members

**FROM:** Rachel Molina, City Manager

**BY:** Casey Brooksher, Assistant City Manager  
Keith Cheong, Senior Accountant

**SUBJECT:** Fiscal Year 2024-2025 Annual Compliance Report for AB 1600 Development Impact Fees

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## RECOMMENDED ACTION

It is recommended that the City Council receive and file the AB 1600 report on development fee activity that occurred during Fiscal Year (FY) 2024-2025.

## BACKGROUND

State of California Assembly Bill 1600 (AB 1600) – the Mitigation Fee Act (Government Code, Sections 66000 et seq.) sets forth the standards governing fees charged to address the impacts of development. The City Council adopted and updated various development impact fees applicable to new development within the City. The purpose of development impact fees is to finance the design, construction, and acquisition of facilities and equipment necessary to accommodate future development.

## ISSUES/ANALYSIS

Development impact fees that are collected are segregated and placed in special funds or accounts, which earn interest. Those funds are held for the facilities for which the fees are collected, in accordance with Government Code Section 66006. This report provides a summary of development fee activity and financial detail regarding each of the projects impacted during FY 2024-25 (July 1, 2024 through June 30, 2025). The summary of development fee activity and detail regarding each project is included as Attachment 1 to this report.

### Annual Compliance Reporting for all Development Impact Fees

Government Code Section 66006(b) sets forth that for each Development Impact Fee (DIF) the City shall, within 180 days after the last day of each fiscal year, make available to the public the following information:

- A brief description of the type of 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.
- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.

- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement.
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, 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.
- The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

Stated below are the unaudited DIF Balances as of June 30, 2025.

Fund	Fund Balance as of 6/30/2025
Transportation Facilities	\$ 21,903,462
Citywide Drainage Facilities	7,808,416
A-04 Drainage Facilities	601,355
Fire Facilities	6,655,819
Police Facilities	77,322
Public and City Hall Facilities	(3,107,751) <sup>1</sup>
Animal Control Facilities	460,382
Records Storage Facilities	221,395

Note:

1. Includes accumulated debt related to loan from the General Fund which was made in order to cover the shortfall in the required 87.25% contribution from Impact Fees. The General Fund loan amount will increase annually until Impact Fees are sufficient to make the full 87.25% contribution.

The attached report provides all the required elements and details regarding balance, fees collected, and project expenditures. The purpose of the applicable legal requirements under the Mitigation Fee Act, as it applies to findings and compliance reporting, is to provide the community with information as to the status and use of impact fees collected. Additionally, every five years, Government Code Section 66001(d) requires the City to identify the purpose for the continued collection of the fee and the anticipated amount of impact fees to be used towards future improvements. This five-year requirement was met with the Fiscal Years 2015-16 through 2020-21 report approved by the City Council in January 2022. The next five-year report requirement will be included with the Fiscal Year 2025-26 report.

The Fiscal Year 2024-2025 annual report presented meets the requirements per the Mitigation Fee Act.

In addition, per Section 66006(2), the City is required to review and accept the report not less than fifteen (15) days after the information has been made available to the public for review.

## **CITY GOAL SUPPORTED BY THIS ITEM**

**Financial Health** – Maintain a balanced budget and adequate reserves.

## **FISCAL IMPACT**

There is no fiscal impact. This report provides a summary of transaction activity that has already occurred and expenditures on projects previously authorized by the City Council.

## **ALTERNATIVE(S)**

1. Provide alternative direction to staff.

## **ATTACHMENT(S)**

1. Attachment 1 – AB 1600 Report