

City of Hesperia

STAFF REPORT



DATE: January 18, 2022

TO: Mayor and City Council Members

FROM: Nils Bentsen, City Manager

BY: Casey Brooksher, Director of Administrative Services

SUBJECT: Fiscal Years 2015-2016 through 2020-2021 Annual and 5-Year Compliance Report for AB 1600 Development Impact Fees

RECOMMENDED ACTION

It is recommended that the City Council receive and file the AB 1600 report on development fee activity that occurred during Fiscal Years (FY) 2015-2016 through 2020-2021.

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 2015-16 through FY 2020-21 (July 1, 2015 through June 30, 2021). The summary of development fee activity and detail regarding each project is included as Attachment A 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 DIF Balances as of June 30, 2021. Please refer to Attachment A for the summary of Incomplete Projects to be funded in whole or partially by DIF and Capacity Fees.

Fund	Fund Balance as of 6/30/2021	Cost of Future Projects
Transportation Facilities	\$15,192,602	\$135,594,231
Citywide Drainage Facilities	\$3,603,171	\$5,343,724
A-04 Drainage Facilities	\$948,687	\$20,163,141
Fire Facilities	\$1,864,449	\$19,173,000
Police Facilities	\$29,936	\$128,567
Public and City Hall Facilities	(\$3,674,754) ¹	\$14,871,425
Animal Control Facilities	\$128,288	\$12,600,000
Records Storage Facilities	\$17,478	\$1,716,000

Note:

1. Reflects General Fund loan debt accumulated 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. The report presented meets the requirements for the fiscal years ending June 30, 2021.

This is the required annual and 5-Year report 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.

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.

ATTACHMENTS

1. Attachment 1 – AB 1600 Report