



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT

December 12, 2023

SUBJECT: Mitigation Fee Act (AB 1600) Report for Fiscal Year 2023

PREPARED BY: Steve Wong, Finance Director

Recommendation

Staff recommends the City Council receive and file the Mitigation Fee Act (AB 1600) Report on Development Impact Fees for the fiscal year ending June 30, 2023 and consider adoption of a resolution regarding Fees Collected for Public Facilities Related to Development and Remaining Unexpended After Five Years.

Background and Discussion

Cities and counties often charge fees on new development to fund public improvements, public amenities and public services to support the new development. These fees are commonly known as development impact fees (Developer Fees). In 1989, the State Legislature passed Assembly Bill 1600 (The Mitigation Fee Act) which added Section 66000 to the California Government Code. That legislation set forth requirements that local agencies must follow if they are to collect fees from developers to defray the cost of public facilities or public services related to development projects.

1. A local jurisdiction must follow the process set forth in the bill and make certain determinations regarding the purpose and use of the fees and establish a "nexus" or connection between a development project and the public improvement being financed with the fee.
2. The fee revenue must be segregated from the General Fund in order to avoid commingling of public improvement fees and the General Fund.
3. If a local jurisdiction has had possession of a developer fee for five years or more and has not committed that money to a project or actually spent that money, then it must make findings describing the continuing need for that money each fiscal year after the five years has expired.
4. If a local jurisdiction cannot make the findings required under paragraph 3, then the city or county must go through a refund procedure.

The City of Wheatland collects the following fees that qualify as Development Impact Fees and therefore must comply with the above referenced Government Code Section:

Sewer Collection, Bear River Levee, Regional Bypass, Storm Drainage, Road Circulation, Wastewater Treatment, Water Distribution, City Hall Facilities, Vehicles and Equipment, Public Works Facilities, Law Enforcement Facilities, Fire Department Facilities, Parkland Facilities, Public Meeting Facilities*

*AB 1600 does not apply to fees collected under development agreements. Sewer collection fees received based on development agreements for the Heritage Oaks East, Heritage Oaks West, and Caliterra projects are restricted in the Sewer Collection Impact Fee balance.

As required by law, these fees are segregated and accounted for as Special Revenue Funds. The ending balances shown in the AB 1600 Report are net of cash, receivables, and payables. The City's annual audited financial statements provide a detailed breakdown for each ending balance. Government Code Section 66001 requires that the City make available to the public certain information regarding these fees for each fund within 180 days after the end of each fiscal year. Accordingly, the attached Mitigation Fee Act (AB 1600) Report for Fiscal Year Ending June 30, 2023, report is presented to the City Council for review and is posted on the City's website.

Also, as required by law, the Council must confirm by resolution that:

1. All unexpended development fee funds held in excess of five years are to construct the projects, purchase equipment or provide services identified in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022.
2. There continues to be a reasonable relationship between the City's development impact fees and the projects defined in the studies referenced above.
3. The City anticipates collecting additional development fee revenue to construct the improvements, purchase the equipment and provide the services described in the fee study listed above.

At its June 28, 2022 meeting, the City Council adopted Resolution 26-22 adopting a Development Impact Fee Updated Nexus Study. The results of that study is the basis for this AB 1600 report.

Fiscal Impact

There is no fiscal impact associated with this item.

Attachments

1. Mitigation Fee Act (AB 1600) Report for the fiscal year ended June 30, 2023
2. Resolution

City of Wheatland
Mitigation Fee Act (AB 1600) Report on Development Impact Fees
For Fiscal Year ended June 30, 2023

Development Impact Fees are adjusted each year on January 1st. The fees in effect as of January 1, 2023 were as follows:

Development Impact Fees	Single Family Residence \$ per unit	Multi-Family Residence \$ per unit	Mobile Homes \$ per unit	Commercial Lodging \$ per unit	Retail Uses \$ per sq. ft.	Employment Uses \$ per sq. ft.
Sewer Collection	4,102	2,998	2,998	1,578	2.120	1.820
Bear River	1,500	667	0	0	0.549	0.457
Regional Bypass*	0	0	0	0	0	0
Storm Drainage	9,576	1,827	3,654	914	3.140	2.760
Road Circulation	10,536	7,060	5,479	4,215	7.740	5.140
Wastewater Treatment	13,252	6,624	6,625	4,417	5.633	5.631
Water Distribution	5,428	3,257	4,343	2,172	2.080	1.790
City Hall Facilities, Vehicles and Equipment, Public Works Facilities	1,939	1,471	1,204	199	0.500	0.340
Law Enforcement Facilities	1,177	893	731	121	0.310	0.210
Fire Protection Facilities	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
Parkland Facilities	4,819	3,656	2,991	0	0	0
Pool Facilities	693	525	430	0	0	0
Public Meeting Facilities	807	612	501	0	0	0

*The Regional Bypass Fee was cancelled by Council on Oct 8, 2019. The Yuba County SYTIA fee has replaced the Bypass Fee.

Fire Protection Facilities		
Construction Type	Without Sprinkler	With Sprinkler
Light Load – Residential, Commercial, Industrial	\$1.38 per sq. foot	\$1.38 per sq. foot
Medium Load – Commercial, Industrial	\$2.77 per sq. foot	\$1.38 per sq. foot
Heavy Load – Commercial, Industrial	\$4.15 per sq. foot	\$2.08 per sq. foot

A detailed description of FY 2023 activity for each development fee follows. The City anticipates collecting additional development fee revenue in order to generate sufficient funds to construct the projects and purchase equipment identified in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos.

Sewer Collection Impact Fee

The Sewer Collection Impact Fee is levied to fund projects for the construction of new sanitary sewer collection lines and pump facilities for the purpose of wastewater transmission to interceptor facilities leading to the treatment plant. A complete list of projects is included in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos. The impact fees held by the City for over five years are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The following table summarizes the activity for the Sewer Collection Impact Fee Fund from fiscal year

(FY) ending June 30, 2019 through June 30, 2023. FY 2020 expenses (\$161,842.90) were 21% of the costs for the Malone Culvert Project. Expenditures in FY 2021, FY 2022 and FY 2023 were for engineering and legal fees associated with the Regional Sewer Pipeline project (Fund 190009).

FUND 121	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	7,094,166	7,258,875	7,239,011	222,616	272,214
Less					
-development agreement fees	-7,007,000	-7,007,000	-3,878,000		
-prior period adjustment			-3,129,000		
Developer Fees	0	0	1,458	55,468	0
Interest Income	164,708	139,914	40,019	21,433	136,395
Expenditures	0	-161,843	-50,873	-27,303	-50,705
Ending Balance	251,875	232,011	222,616	272,214	357,904

Bear River Levee Impact Fee

Improvements to the Bear River levee were completed in 2010. Funding for the improvements was provided by a State grant, landowner advance funding, and City advance funding. Because the project provided benefits to lands in the Wheatland area beyond the landowners' properties, the City agreed, in advance funding and reimbursement agreements, to impose a Bear River Levee Project Development Fee. The purpose of the fee is to reimburse the City's advance funding for the project and the landowner's excess share of advance funding for the project. The following table summarizes the activity for the Bear River Levee Impact Fee Fund from fiscal year June 30, 2019 through June 30, 2023. The negative ending balance reflects unreimbursed legal and planning costs associated with the agreements. The negative balance will be eliminated over time as development activity occurs.

FUND 122	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	-44,031	-45,008	-44,497	-43,917	-43,998
Developer Fees	0	1,367	830	0	0
Interest Income	-978	-856	-250	-81	0
Expenditures	0	0	0	0	0
Ending Balance	-45,009	-44,497	-43,917	-43,998	-43,998

Regional Bypass Impact Fee

The Regional Bypass Impact Fee was levied to fund the construction of the portion of the SR65 bypass highway within the City's limits. The impact fees held by the City for over five years (\$17,757) are committed, thus eliminating the need to refund any fees per Government Code Sections 66000-66003. The following table summarizes the activity for the Regional Bypass Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023. This fee was cancelled by Council on October 8, 2019 and replaced with the Yuba County assessed SYTIA Bypass Fee.

FUND 123	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	17,757	18,151	18,504	18,608	18,673
Developer Fees	0	0	0	0	0
Interest Income	394	353	104	65	424
Expenditures	0	0	0	0	0
Ending Balance	18,151	18,504	18,608	18,673	19,097

Storm Drainage Impact Fee

The Storm Drainage Impact Fee is levied to fund the construction of new storm drain lines for the purpose of storm drainage transmission to flood control facilities. A complete list of projects is included in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos. The impact fees held by the City for over five years (\$52,535) are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The following table summarizes Storm Drainage Impact Fee Fund activity from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 125	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	52,535	53,701	65,711	70,676	70,925
Developer Fees	0	10,821	4,590	0	0
Interest Income	1,167	1,189	374	249	1,610
Expenditures	0	0	0	0	0
Ending Balance	53,701	65,711	70,676	70,925	72,535

Road Circulation Impact Fee

The Road Circulation Impact Fee is levied to construct future streets, street widening, additional intersection/signal improvements, and bridges. A complete list of projects is included in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos. The impact fees held by the City for over five years (\$243,334) are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The following table summarizes the activity for the Road Circulation Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 126	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	243,334	245,950	257,884	273,981	274,504
Developer Fees	0	9,467	15,339	0	0
Interest Income	2,617	2,467	758	523	3,382
Expenditures	0	0	0	0	0
Ending Balance	245,950	257,884	273,981	274,504	277,886

Wastewater Treatment Impact Fee

The Wastewater Treatment Impact Fee is levied to fund the construction of a 3.3 to 3.8 million gallon per day treatment plant. The impact fees held by the City for over five years (\$16,632) are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The following table summarizes the activity for the Wastewater Treatment Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 127	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	16,632	17,001	29,576	38,266	363,159
Developer Fees	0	12,082	8,517	324,576	0
Interest Income	369	493	173	317	8,252
Expenditures	0	0	0	0	0
Ending Balance	17,001	29,576	38,266	363,159	371,411

Water Distribution Impact Fee

The Water Distribution Impact Fee is levied to fund projects for the construction of new water distribution lines, well/pumping facilities and reservoir capacity for the purpose of conveying water to the City’s users. A complete list of projects is included in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos. The impact fees held by the City for over five years (\$60,282) are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The following table summarizes the activity for the Water Distribution Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 128	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	60,282	61,620	68,119	71,350	240,354
Developer Fees	0	5,231	2,845	168,658	13,609
Interest Income	1,339	1,267	386	346	5,739
Expenditures	0	0	0	0	0
Ending Balance	61,620	68,119	71,350	240,354	259,702

City Hall Facilities Impact Fee

The City Hall Facilities Impact Fee is levied to construct a 25,000 square foot facility to house the City’s various operational functions such as administration, personnel, finance, clerk/records, legal, planning, engineering, building plan check/inspection and parks/recreation. The impact fees held by the City for over five years (\$151,486) are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The following table summarizes the activity for the City Hall Facilities Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 130	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	151,486	151,519	152,990	153,590	153,603
Developer Fees	0	1,423	582	0	0
Interest Income	33	49	18	13	82
Expenditures	0	0	0	0	0
Ending Balance	151,519	152,990	153,590	153,603	153,685

Vehicles and Equipment Impact Fee

The Vehicles and Equipment Impact Fee is levied to expand the general pool vehicle fleet and the fleet of maintenance vehicles required to maintain new infrastructure and to expand the City's computer capability. A complete list of projects is included in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos. The impact fees held by the City for over five years (\$240) are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The following table summarizes the activity for the Vehicles and Equipment Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 131	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	240	246	406	471	473
Developer Fees	0	154	63	0	0
Interest Income	5	7	2	2	11
Expenditures	0	0	0	0	0
Ending Balance	246	406	471	473	484

Public Works Facilities Impact Fee

The Public Works Facilities Impact Fee is levied to construct a second City maintenance yard which would include buildings for administrative offices, fleet maintenance, utilities maintenance, parks maintenance, and storage. A complete list of projects is included in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos. The impact fees held by the City for over five years (\$4,490) are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The following table summarizes the activity for the Public Works Facilities Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 132	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	4,490	4,590	5,338	5,634	5,654
Developer Fees	0	650	266	0	0
Interest Income	100	98	30	20	128
Expenditures	0	0	0	0	0
Ending Balance	4,590	5,338	5,634	5,654	5,782

Law Enforcement Facilities Impact Fee

The Law Enforcement Facilities Impact Fee is levied to fund the construction of a 17,600 square foot police station and add police vehicles and communications equipment. A complete list of projects is included in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos. The impact fees held by the City for over five years (\$3,422) are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The following table summarizes the activity for the Law Enforcement Facilities Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 133	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	3,422	3,498	4,772	6,462	6,485
Developer Fees	0	1,190	1,662	0	0
Interest Income	76	84	28	23	147
Expenditures	0	0	0	0	0
Ending Balance	3,498	4,772	6,462	6,485	6,632

Fire Protection Facilities Impact Fee

The Fire Department Facilities Impact Fee is levied to acquire land, construct fire stations, and provide response vehicles and specialty equipment as described in the Development Impact Fee Study-Fire Facilities for the Wheatland Fire Authority ("2012 Fire Study"). There are no impact fees held by the City for over five years. The following table summarizes the activity for the Fire Department Facilities Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023. The deficit fund balance results from debt service expenses in 2016-17, 2017-18 and 2018-19 for the acquisition of a fire engine. 100% of the debt service payments came from the Fire Department Facilities Impact Fee Fund.

FUND 134	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	-63,366	-63,099	-60,845	-56,583	-56,516
Developer Fees	0	1,983	4,176	0	0
Interest Income	270	268	86	67	431
Expenditures	0	0	0	0	0
Ending Balance	-63,096	-60,845	-56,583	-56,516	-56,085

Parkland Facilities Impact Fee

The Parkland Facilities Impact Fee is levied to acquire land to develop approximately 89.5 acres of a combination of neighborhood, community and sports parks and to acquire approximately 200 acres of open space. A complete list of projects is included in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos. The impact fees held by the City for over five years (\$12,888) are committed, thus eliminating the need to refund any fees to developers per Government Code Sections 66000-66003. The FY 2019 expenditure funded 100% of the cost for safety enhancements to park playground equipment. The FY 2020 expenditure funded 100% of the cost to prepare a park grant application. The following table summarizes the activity for the Parkland Facilities Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 135	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	12,888	8,314	14,302	14,383	14,434
Developer Fees	0	8,224	0	0	0
Interest Income	196	265	81	51	328
Expenditures	-4,770	-2,500	0	0	0
Ending Balance	8,314	14,302	14,383	14,434	14,762

Public Meeting Facilities Impact Fee

The Public Meeting Facilities Impact Fee is levied to acquire and develop an additional 20,000 square feet of public use facilities space to complement the existing community center facility located at 101 C Street. The facilities may be separately known as or combined for use as teen centers, senior centers, gymnasiums, general use community centers, day-care facilities, health & exercise centers and similar

facilities dedicated for use by the community’s residents. There are no impact fees held by the City for over five years. In the 2008-09 fiscal year, \$200,000 was transferred to the Road Circulation Impact Fee Fund and the City Hall Facilities Impact Fee Fund to assist with project construction. The Public Meeting Facilities Impact Fee Fund will be reimbursed for these transfers in 2023-24, restoring this Fund to a positive fund balance. The following table summarizes the activity for the Public Meeting Facilities Impact Fee Fund from fiscal year ending June 30, 2019 through June 30, 2023.

FUND 136	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	-191,721	-191,537	-188,170	-188,103	-188,061
Developer Fees	0	3,160	0	0	0
Interest Income	184	207	67	42	271
Expenditures	0	0	0	0	0
Ending Balance	-191,537	-188,170	-188,103	-188,061	-187,790

Pool Facilities Impact Fee

The Pool Facilities Impact Fee is levied to fund a fair-share portion of the construction or purchase of pool facilities identified by the City to serve new development. As of the 2022-23 fiscal year, no Pool Facilities Impact Fees have been received.

	FY 2023	
Beginning Balance	0	
Developer Fees	0	
Interest Income	0	
Expenditures	0	
Ending Balance	0	

RESOLUTION NO. 46-23

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHEATLAND
PURSUANT TO GOVERNMENT CODE SECTION 66001(d) FOR FEES COLLECTED
FOR PUBLIC FACILITIES RELATED TO DEVELOPMENT AND REMAINING
UNEXPENDED AFTER FIVE YEARS**

WHEREAS, the City of Wheatland did adopt Chapter 2.27 of the Wheatland Municipal Code (Ordinance 400) which approved an updated development impact fee program and the Development Impact Fee Report dated January 2007 and the Master Facilities Plan for the City of Wheatland, California dated January 2007 as the basis for the program; and

WHEREAS, Resolution 06-08 updated and revised development impact fees related to Wastewater Treatment Facilities and to Wastewater Collection Facilities; and

WHEREAS, Resolution 26-22 adopted the Development Impact Fee Updated Nexus Study dated June 15, 2022; and

WHEREAS, the City has collected development fees and there are some fee balances that remain unexpended for more than five years from collection; and

WHEREAS, Government Code Section 66001 (d) requires that every five years the City Council must adopt a resolution making certain findings with respect to that portion of the City Development Fee Funds remaining unexpended, whether committed or uncommitted; and

WHEREAS, such findings must identify the purpose of which the fee is to be put, demonstrate a reasonable relationship between the fee and the purpose it is charged, identify all sources and amounts of funding anticipated to complete each project for which the fee is collected and designate the approximate dates on which the funding sources will be deposited into the appropriate fund; and

WHEREAS, in accordance with section 66001 (d), the City Council now desires to make certain findings concerning the unexpended City Development Fee Funds for the fiscal year ending June 30, 2023.

NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF WHEATLAND, that the Council finds as determines as follows with respect to the unexpended development fee funds:

1. That the foregoing statements are true and correct.
2. That the development impact fees collected for:
 - a. Sewer Collection
 - b. Bear River Levee
 - c. Regional Bypass
 - d. Storm Drainage
 - e. Road Circulation
 - f. Wastewater Treatment
 - g. Water Distribution

- h. City Hall Facilities
- i. Vehicles and Equipment
- j. Public Works Facilities
- k. Law Enforcement Facilities
- l. Fire Department Facilities
- m. Parkland Facilities
- n. Public Meeting Facilities
- o. Pool Facility

were collected to construct the projects and purchase equipment identified in the Development Impact Fee Calculation and Nexus Report dated June 15, 2022, including Appendix C, Capital Improvement Plan and Supporting Technical Memos and, for the development impact fees related to Wastewater Treatment Facilities and to Wastewater Collection Facilities, the memorandum from City Engineer Thomas A. Fossum dated March 3, 2008, Revenue & Cost Specialists, LLC letter/report dated March 21, 2008, and the City Council staff report prepared by Mr. Fossum dated April 8, 2008; and the purposes for the collected fees remain the same as described in these fee studies.

3. That there continues to be a reasonable relationship (as described in Ordinance No. 400 and Resolution No. 06-08) between the City's development impact fees and the projects defined in the studies referenced above because (a) the property owners, residents, employees and other persons occupying and using the development projects that paid the fees will be served by and benefit from the facilities and equipment funded by the fees, (b) the fees and accumulated funds will assist the City in expanding its facilities and equipment as necessary to maintain an adequate level of service to accommodate new development, and (c) the fees offset and mitigate the impact to the facilities and equipment caused by new development.

4. That the City anticipates collecting additional development fee revenue in order to generate enough funds to construct, install and purchase the improvements and equipment described in the fee studies described above. The amount and timing of the receipt of such additional revenue depends upon new development, which is uncertain. Therefore, the City cannot determine the approximate date(s) on which additional development fee revenue will be received or the date(s) when the City will have enough funding to proceed with the planned construction and purchases.

Passed and adopted by the City Council of the City of Wheatland on December 12, 2023, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

 Rick West, Mayor

ATTEST: _____

Lisa J. Thomason, City Clerk