



CITY OF WHEATLAND

CITY COUNCIL MEETING STAFF REPORT

March 12, 2019

SUBJECT: Mitigation Fee Act (AB 1600) Report for Fiscal Year 2018

PREPARED BY: Susan Mahoney, 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, 2018.

Staff recommends the City Council adopt Resolution 03-19 regarding Fees Collected for Public Facilities Related to Development and Remaining Unexpended After Five Years.

Background

Cities and counties often charge fees on new development to fund public improvements, public amenities and public services. 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. The chapter sets forth requirements that local agencies must follow if they are to collect fees from developers to defray the cost of the construction of public facilities 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 have 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.

Discussion

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 (\$7,007,000) received based on development agreements for the Heritage Oaks East, Heritage Oaks West, and Calitera projects have been deducted from the Sewer Collection Impact Fee balance.

As required by law, these fees are segregated and accounted for as Special Revenue Funds. Government Code Section 66001 requires the City to 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, 2018 report is presented to the City Council for review.

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 and purchase equipment identified in the Development Impact Fee Calculation and Nexus Report and the Master Facilities Plan for the City of Wheatland, both dated January 2007, and for the development impact fees related Wastewater Treatment Facilities and Wastewater Collection Facilities adopted in March 2008.
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 and purchase the improvements and equipment described in the fee studies listed above.

Alternatives

The Mitigation Fee Act (AB 1600) Report is prepared in accordance with Section 66000 of the California Government Code. The alternative is to not accept the report.

Resolution 03-19 is required by Section 66000 of the California Government Code if there are unexpended funds held in excess of five years. The alternative is to not adopt the Resolution.

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, 2018
2. Resolution 03-19 - Fees Collected for Public Facilities Related to Development and Remaining Unexpended After Five Years

RESOLUTION NO. 03-19

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

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, 2018.

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

were collected to construct the projects and purchase equipment identified in the Development Impact Fee Calculation and Nexus Report and the Master Facilities Plan for the City of Wheatland both dated January, 2007 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 sufficient 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. Because of the recent Great Recession resulting in an economic downturn, there has been little development and construction in the City in recent years. 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 sufficient funding to proceed with the planned construction and purchases.

Passed and adopted by the City Council of the City of Wheatland on March 12, 2019 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Joe Henderson, Mayor

ATTEST: _____

Lisa J. Thomason, City Clerk

City of Wheatland
Mitigation Fee Act (AB 1600) Report on Development Impact Fees
For Fiscal Year ended June 30, 2018

Development Impact Fees are adjusted each year on January 1st. The fees in effect as of January 1, 2018 are 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	2,005	1,002	1,002	670	.0853	0.853
Bear River	1,327	590	0	0	0.486	0.404
Regional Bypass	4,454	2,975	2,334	2,343	4.351	2.909
Storm Drainage	10,502	3,029	4,936	1,027	2.678	2.750
Road Circulation	9,189	6,136	4,813	4,833	8.977	6.004
Wastewater Treatment	11,727	5,861	5,862	3,909	4.985	4.986
Water Distribution	5,077	3,046	4,061	2,031	1.665	1.665
City Hall Facilities, Vehicles and Equipment, Public Works Facilities	2,161	2,158	2,158	204	0.533	0.533
Law Enforcement Facilities	1,155	987	556	1,187	0.973	0.222
Fire Department Facilities	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW
Parkland Facilities	7,982	7,094	4,811	0	0	0
Public Meeting Facilities	3,067	2,722	1,850	0	0	0

Fire Department Facilities		
Construction Type	Without Sprinkler	With Sprinkler
Light Load – Residential, Commercial, Industrial	\$1.22 per sq. foot	\$1.22 per sq. foot
Medium Load – Commercial, Industrial	\$2.45 per sq. foot	\$1.22 per sq. foot
Heavy Load – Commercial, Industrial	\$3.67 per sq. foot	\$1.84 per sq. foot

A detailed description of FY 2018 activity for each development fee follows. The City anticipates collecting additional development fee revenue in order to generate sufficient funds to construct, install and purchase the improvements and equipment described in the Development Impact Fee Report dated January 2007 and the Master Facilities Plan for the City of Wheatland dated January 2007.

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 purposes of wastewater transmission to interceptor facilities leading to the treatment plant. A complete list of projects is included in the January 2007 Master Facilities Plan for the City of Wheatland, California. The impact fees held by the City for over five years (\$784,511.67) 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, 2014 through June 30, 2018. The \$899,327.69 expense in FY 2017 reflects the capitalization of expenses related to a new treatment facility project. 100% of expenses for that project were from the Sewer Collection Impact Fee Fund.

FUND 121	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	7,791,511.67	7,798,581.48	7,816,847.30	7,852,167.98	7,003,510.51
Less development agreement fees	-7,007,000.00	-7,007,000.00	-7,007,000.00	-7,007,000.00	-7,007,000.00
Developer Fees	0	2,022.00	7,449.27	1,516.71	1,532.01
Interest Income	16,154.48	16,819.37	27,871.41	49,153.51	89,123.78
Expenditures	-9,084.67	-575.55	0	-899,327.69	0
Ending Balance	791,581.48	809,847.30	845,167.98	-3,489.49	87,166.30

Bear River Levee Impact Fee

In 2010, improvements to the Bear River levee were completed. 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, 2014 through June 30, 2018. The negative ending balance will be eliminated when development activity occurs.

FUND 122	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	-44,294.84	-45,007.89	-44,914.39	-45,059.81	-43,560.50
Developer Fees	0	203.00	0	1,717.74	0
Interest Income	-106.32	-109.50	-145.42	-218.43	-470.04
Expenditures	-606.73	0	0	0	0
Ending Balance	-45,007.89	-44,914.39	-45,059.81	-43,560.50	-44,030.54

Regional Bypass Impact Fee

The Regional Bypass Impact Fee is levied to fund the construction of the portion of the SR65 by-pass highway within the City's limits. This project is limited to a contribution to a different government agency. The impact fees held by the City for over five years (\$3,255.21) 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 Regional Bypass Impact Fee Fund from fiscal year ending June 30, 2014 through June 30, 2018.

FUND 123	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	3,255.21	3,137.81	4,173.57	4,190.39	8,207.50
Developer Fees	0	1,026.00	0	3,982.50	9,374.71
Interest Income	7.60	9.76	16.82	34.61	174.49
Expenditures	-125.00	0	0	0	0
Ending Balance	3,137.81	4,173.57	4,190.39	8,207.50	17,756.70

Storm Drainage Impact Fee

The Storm Drainage Impact Fee is levied to fund the construction of new storm drain lines for the purposes of storm drainage transmission to flood control facilities. A complete list of projects is included in the January 2007 Master Facilities Plan for the City of Wheatland, California. The impact fees

held by the City for over five years (\$36,229.81) 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 Storm Drainage Impact Fee Fund from fiscal year ending June 30, 2014 through June 30, 2018.

FUND 125	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	36,229.81	36,316.10	37,451.92	37,602.90	46,190.49
Developer Fees	0	1,045.00	0	8,371.54	5,792.75
Interest Income	86.29	90.82	150.98	216.05	551.51
Expenditures	0	0	0	0	0
Ending Balance	36,316.10	37,451.92	37,602.90	46,190.49	52,534.75

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 January 2007 Master Facilities Plan for the City of Wheatland, California. The impact fees held by the City for over five years (\$212,110.54) 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, 2014 through June 30, 2018.

FUND 126	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	212,110.54	212,496.63	214,987.42	196,610.23	222,737.53
Developer Fees	0	2,117.00	0	25,497.30	19,349.15
Interest Income	386.09	373.79	522.81	630.00	1,246.93
Expenditures	0	0	-18,900.00	0	0
Ending Balance	212,496.63	214,987.42	196,610.23	222,737.53	243,333.61

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. There are no impact fees held by the City for over five years. The following table summarizes the activity for the Wastewater Treatment Impact Fee Fund from fiscal year ending June 30, 2014 through June 30, 2018.

FUND 127	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	9,690.62	9,713.70	10,084.13	10,124.77	10,175.19
Developer Fees	0	346.00	0	0	6,288.88
Interest Income	23.08	24.43	40.64	50.42	167.44
Expenditures	0	0	0	0	0
Ending Balance	9,713.70	10,084.13	10,124.77	10,175.19	16,631.51

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 purposes of conveying water to the City's users. A complete list of projects is included in the January 2007 Master Facilities Plan for the City of Wheatland, California. There are no impact fees held by the City for over five years. The

following table summarizes the activity for the Water Distribution Impact Fee Fund from fiscal year ending June 30, 2014 through June 30, 2018.

FUND 128	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	54,242.40	54,371.58	55,557.51	55,781.47	56,059.22
Developer Fees	0	1,051.00	0	0	3,584.69
Interest Income	129.18	134.93	223.96	277.75	637.76
Expenditures	0	0	0	0	0
Ending Balance	54,371.58	55,557.51	55,781.47	56,059.22	60,281.67

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 (\$156,862.28) 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, 2014 through June 30, 2018. FY 2017 expenditures were related to project oversight. 100% of project expenditures were from the City Hall Facilities Impact Fee Fund.

FUND 130	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	156,862.28	156,878.63	157,346.37	149,579.77	150,737.74
Developer Fees	0	496.00	0	1,445.95	733.35
Interest Income	16.35	17.80	12.06	5.66	14.68
Expenditures	0	-46.06	-7,778.66	-293.64	0
Ending Balance	156,878.63	157,346.37	149,579.77	150,737.74	151,485.77

Vehicles and Equipment Impact Fee

The Vehicles and Equipment Impact Fee is levied to expand the general pool car 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 January 2007 Master Facilities Plan for the City of Wheatland, California. The impact fees held by the City for over five years (\$2.67) 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, 2014 through June 30, 2018.

FUND 131	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	2.67	2.67	2.67	2.67	158.81
Developer Fees	0	0	0	156.14	79.19
Interest Income	0	0	0	0	2.44
Expenditures	0	0	0	0	0
Ending Balance	2.67	2.67	2.67	158.81	240.44

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 January 2007 Master Facilities

Plan for the City of Wheatland, California. The impact fees held by the City for over five years (\$3,151.09) 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, 2014 through June 30, 2018.

FUND 132	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	3,151.09	3,158.59	3,415.82	3,429.59	4,107.42
Developer Fees	0	249.00	0	660.75	335.11
Interest Income	7.50	8.23	13.77	17.08	47.40
Expenditures	0	0	0	0	0
Ending Balance	3,158.59	3,415.82	3,429.59	4,107.42	4,489.93

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 fifty-five police vehicles and communications equipment. A complete list of projects is included in the January 2007 Master Facilities Plan for the City of Wheatland, California. There are no impact fees held by the City for over five years. The following table summarizes the activity for the Law Enforcement Facilities Impact Fee Fund from fiscal year ending June 30, 2014 through June 30, 2018.

FUND 133	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	58,890.45	0	340.70	342.08	1,292.19
Developer Fees	15,840.97	340.00	0	945.14	2,096.29
Interest Income	17.57	.70	1.38	4.97	33.16
Expenditures	-74,748.99	0	0	0	0
Ending Balance	0	340.70	342.08	1,292.19	3,421.64

Fire Department Facilities Impact Fee

The Fire Department Facilities Impact Fee is levied to construct two fire stations, relocate and expand the existing station, and provide response vehicles and specialty equipment. A complete list of projects is included in the January 2007 Master Facilities Plan for the City of Wheatland, California. 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, 2014 through June 30, 2018. FY 2017 and FY 2018 expenses were debt service for a fire engine. 100% of the debt service payments came from the Fire Department Facilities Impact Fee Fund.

FUND 134	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	9,075.92	3.69	-18,551.60	-37,420.13	-51,048.31
Developer Fees	0	344.00	18,900.00	5,222.00	6,433.36
Interest Income	3.69	.71	1.42	19.77	119.30
Expenditures	-9,075.92	-18,900.00	-37,769.95	-18,869.95	-18,869.96
Ending Balance	3.69	-18,551.60	-37,420.13	-51,048.31	-63,365.61

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 January 2007 Master Facilities Plan for the City

of Wheatland, California. The impact fees held by the City for over five years (\$10,135.36) 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 Parkland Facilities Impact Fee Fund from fiscal year ending June 30, 2014 through June 30, 2018.

FUND 135	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	10,135.36	10,159.50	12,636.31	12,687.24	12,750.42
Developer Fees	0	2,447.00	0	0	0
Interest Income	24.14	29.81	50.93	63.18	137.58
Expenditures	0	0	0	0	0
Ending Balance	10,159.50	12,636.31	12,687.24	12,750.42	12,888.00

Public Meeting Facilities Impact Fee

The Public Meeting Facilities Impact Fee is levied to acquire land for and construct 64,925 square feet of public use facilities space. 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. The following table summarizes the activity for the Public Meeting Facilities Impact Fee Fund from fiscal year ending June 30, 2014 through June 30, 2018.

FUND 136	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Beginning Balance	-196,230.58	-196,221.59	-195,271.44	-195,252.38	-191,809.14
Developer Fees	0	939.00	0	3,419.60	0
Interest Income	8.99	11.15	19.06	23.64	88.40
Expenditures	0	0	0	0	0
Ending Balance	-196,221.59	-195,271.44	-195,252.38	-191,809.14	-191,720.74