

CITY OF SEBASTOPOL CITY COUNCIL

AGENDA ITEM REPORT FOR MEETING OF: December 17, 2024

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**To:** Honorable Mayor and City Councilmembers  
**From:** Toni Bertolero, P.E., Engineering Department  
 Ana Kwong, Administrative Services Director  
**Subject:** AB 1600 Report on Developer Impact Fees

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**RECOMMENDATIONS:**

Accept and Approve the Annual AB 1600 Report for Fiscal Year 2023-24.

**EXECUTIVE SUMMARY:**

This item is to request the City Council accept and approve the annual Assembly Bill 1600 (AB 1600) Report for Fiscal Year 2023-2024. This annual report is typically presented to Council in December following the end of the fiscal year.

**BACKGROUND AND DISCUSSION:**

Cities and Counties normally charge fees on new development projects to fund public improvements, public amenities, and public services. For example, Traffic Mitigation Fees are used to fund transit facilities, streets, bike lanes and sidewalks. These fees are commonly known as “Development Impact Fees” (Developer Fees). In 1989, the State Legislature passed Assembly Bill 1600 (AB 1600) which added Section 66000 to the California Government Code. The chapter sets forth several requirements that local governments must follow if they are to collect impact/mitigation fees from developers to offset the cost of the construction of public facilities related to development projects. Government Code Sections 66000-66003 apply to developer fees established, increased or imposed on or after January 1, 1989. An “AB 1600 Report” (also referred to as a “nexus” study) regarding the jurisdiction’s use of the Developer Fees that have been collected, and expended, must be prepared and approved within 180 days after the end of the fiscal year, i.e., by December 31, 2024.

**STAFF ANALYSIS:**

The Art In-Lieu Fee, Park In-Lieu Fee, Traffic Impact Fee, Fire Facilities Fee, General Government Facilities Fee, and Stormwater Facilities Fee that the City of Sebastopol (City) collects are Development Impact Fees and therefore must comply with the above referenced Government Code Sections. As required by law, these fees are segregated and accounted for as Special Revenue Funds and kept separate from the City General Fund. Three of the fees listed above (Fire Facilities, Government Facilities and Stormwater Facilities) were recently established in July 2021.

The other fees shown on the attached spreadsheet, namely, Inclusionary & Linkage Housing, Building Permit Technology, Building Permit Incremental, General Plan Update, and Utility Undergrounding are not Development Impact Fees subject to AB 1600 annual reporting. To strictly comply with the legislation, those fees will not be included in future years’ AB 1600 reporting, beginning in 2025. These fees are reported in the annual budget that is reviewed and adopted by Council each fiscal year, typically in June.

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, this report is presented to the City Council for review and approval. 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. If a local jurisdiction cannot make these required findings, then the city or county must go through a refund procedure.

The projects in the above-listed Development Impact Fees for Fiscal Year 2023-24 are being regularly utilized or committed to projects as required by law.

In addition to a report of expenditures and development impact fees collected, the AB 1600 also needs to identify each public improvement on which the fees were expended, when the fees were expended and the amount of expenditures for each improvement. The City prepares a 5-year Capital Improvement Program (CIP) and adopts an annual CIP budget. The listing of the public improvements and expended impact fees (as well as future, programmed impact fees) can be found in the City's adopted CIP that is part of the City's Adopted Budget found in the City's website.

The AB 1600 report was prepared by the Administrative Services Department and is attached to this agenda report.

**COMMUNITY OUTREACH:**

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

**FISCAL IMPACT:**

Other than miscellaneous staff time, there is no cost to the City to approve this item.

**OPTIONS:**

This is a State-required report and therefore, therefore, no reasonable alternatives have been identified.

**ATTACHMENT:**

Annual AB 1600 Report Spreadsheet dated November 18, 2024

APPROVALS:

Department Head Approval: Approval Date: 11/20/24

CEQA Determination (Planning): Approval Date: 11/20/24

The proposed action is not a project under the California Environmental Quality Act (CEQA)

Administrative Services (Financial) Approval Date: 11/20/24

Costs authorized in City Approved Budget:  Yes  No  N/A

Account Code (f applicable) \_\_\_\_\_

City Attorney Approval: Approval Date: N/A

City Manager Approval: Approval Date: 11/20/24

**City of Sebastopol  
Annual AB 1600 Report  
November 18, 2024**

Developer Fee Fund (see Notes 1, 2)											(Note 4)		
	Art in-Lieu	Inclusionary & Linkage Housing (see Note 3)	Building Permit Technology (see Note 3)	Building Permit Incremental (see Note 3)	General Plan Update (see Note 3)	Park In-Lieu	Traffic Impact	Utility Undergrounding (see Note 3)	General Government Facilities Fee Fund	Fire Facilities Fee Fund	Stormwater Facilities Fee Fund		
	203	204-205	122	206	208	212	213	214	219	220	221		
FY19-20	Revenue	\$ 18,745	\$ 13,369	\$ 13,029	\$ 12,592	\$ 14,145	\$ 51,307	\$ 53,423	\$ 5,236	\$ -	\$ -	\$ -	
	Expenditures	\$ 7,000	\$ 12,065	\$ 4,490	\$ 1,507	\$ -	\$ 203,147	\$ 52,652	\$ -	\$ -	\$ -	\$ -	
	Ending Balance	\$ 142,941	\$ 132,605	\$ 53,001	\$ 35,049	\$ 90,504	\$ (10,536)	\$ 367,337	\$ 242,990	\$ -	\$ -	\$ -	
FY20-21 (see Note 2)	Revenue	\$ 983	\$ 818	\$ 14,951	\$ 13,519	\$ 17,020	\$ 214,799	\$ 59,739	\$ 1,463	\$ -	\$ -	\$ -	
	Expenditures	\$ 17,765	\$ 505	\$ -	\$ 180	\$ -	\$ 175,141	\$ 47,593	\$ -	\$ -	\$ -	\$ -	
	Ending Balance	\$ 126,159	\$ 132,918	\$ 67,952	\$ 48,388	\$ 107,524	\$ 29,122	\$ 379,483	\$ 244,453	\$ -	\$ -	\$ -	
FY21-22 (see Note 2)	Revenue	\$ (2,327)	\$ (2,512)	\$ 13,581	\$ 11,264	\$ 4,157	\$ 11,065	\$ 9,891	\$ (4,813)	\$ 2,988	\$ 990	\$ 5,486	
	Expenditures	\$ 16,680	\$ 6,527	\$ -	\$ -	\$ 90,171	\$ 36,617	\$ 177,428	\$ -	\$ -	\$ -	\$ -	
	Ending Balance	\$ 107,152	\$ 123,879	\$ 81,533	\$ 59,652	\$ 21,510	\$ 3,570	\$ 211,946	\$ 239,640	\$ 2,988	\$ 990	\$ 5,486	
FY22-23 (see Note 2)	Revenue	\$ 897	\$ 629	\$ 48,300	\$ 48,380	\$ 137,662	\$ 99,981	\$ 1,935	\$ 1,177	\$ (16)	\$ (5)	\$ 848	
	Expenditures	\$ 9,453	\$ 73	\$ 1,257	\$ -	\$ 44,559	\$ 87,172	\$ 37,838	\$ -				
	Ending Balance	\$ 98,596	\$ 124,435	\$ 128,576	\$ 108,032	\$ 114,613	\$ 16,379	\$ 176,043	\$ 240,817	\$ 2,972	\$ 985	\$ 6,334	
FY23-24 (see Note 2)	Revenue	\$ 3,313	\$ 4,347	\$ 23,474	\$ 18,831	\$ 9,548	\$ 90,607	\$ 19,638	\$ 8,413	\$ 3,091	\$ 2,011	\$ 9,553	
	Expenditures	\$ 44,884	\$ -	\$ 19,456	\$ -	\$ 44,665	\$ 114,548	\$ 112,816	\$ -	\$ -	\$ -	\$ -	
	Ending Balance	\$ 57,026	\$ 128,782	\$ 132,594	\$ 126,863	\$ 79,496	\$ (7,563)	\$ 82,865	\$ 249,230	\$ 6,063	\$ 2,996	\$ 15,887	

- Notes:
1. Source: City of Sebastopol Audited Financial Statements
  2. Audited figures
  3. Inclusionary Housing, Building Permit Technology, Building Permit Incremental, Geeral Plan Update, and Utility Undergrounding fees are not subject to the AB 1600 nexus study but are included for historical purposes.
  4. Three new impact fees (General Government, Fire Facilities Stormwater Fee Fund) were established by the City in July 2021
  5. A list of projects that the Development Impact Fees were used for can be found in the City's Adopted Budget in the Special Reserves Fund section.