



Staff Report

City Council

Item No. {{section.number}}.B

Meeting Date: December 11, 2024

From: Kevin Biersack, Financial Services Director

Title: Assembly Bill (AB) 1600 Fiscal Year 2023/2024 Development Impact Fee Report

RECOMMENDATION:

To approve a resolution accepting the Annual AB 1600 Development Fee Report for the Fiscal Year (FY) 2023/2024

BACKGROUND:

Following the passage of Proposition 13 in 1978, many cities began charging fees on new development to fund public improvements and services. These fees are commonly known as development impact fees. To ensure these fees are spent in a timely manner and on projects for which they were being collected, the State Legislature passed a bill known as AB 1600, the Mitigation Fee Act. This bill applies to developer fees imposed or increased on or after January 1, 1989.

Prior to January 1, 2024, the City collected thirteen (13) fees subject to review under State law. The fees collected are listed below:

Project Area	Title / Purpose	Fee
Citywide	Master Underground Plan (MUP)	\$0.15 per sq. ft. of Building Area
Citywide	Fire and Police Facilities Fund	66.67% of \$150 to \$450 per 1,000 sq. ft. of Building Area
Citywide	Traffic Signalization	33.33% of \$150 to \$450 per 1,000 sq. ft. of Building Area
Citywide	City Yard Vehicle Storage	Res. \$95/unit Retail Comm. \$587/acre Non-Retail Comm./Ind. \$454/acre
Citywide	Police Community Center	Res. \$21/unit Retail Comm. \$132/acre Non-Retail Comm./Ind. \$102/acre
Citywide	Public Safety Training Site	Res. \$18/unit Retail Comm. \$110/acre Non-Retail Comm./Ind. \$85/acre
Citywide	Public Safety Facilities	Res. \$570/unit Retail Comm. \$3,513 per acre Non-Retail Comm./Ind. \$2,714/acre
Citywide	Road and Traffic Facilities	Res. \$987/unit Retail Comm. \$30,066/acre Non-Retail Comm./Ind. \$10,165/acre
Citywide	Interchange and Bridges	Res. \$86/unit Retail Comm. \$4,145/acre Non-Retail Comm./Ind. \$1,500/acre
Citywide	Bikeways Facilities	Res. \$51/unit Retail Comm. \$167/acre Non-Retail Comm./Ind. \$129/acre
Citywide	Trail Facilities	Res. \$53/unit Retail Comm. \$173/acre Non-Retail Comm./Ind. \$134/acre
Citywide	Park and Recreation Facilities	Res. \$1,577/unit Retail Comm. \$5,141/acre Non-Retail Comm./Ind. \$3,973/acre
Citywide	Transit Development Fee	\$5.00/lineal foot for arterial streets

During FY 2022/2023 and 2023/2024, the City conducted a Nexus Study to review most of the AB 1600 fee structure and rates. The Master Underground Plan, Transit Development Fee, and the Art in Public Places Fee were not included in the Nexus Study. We anticipate these three fees will be included in a separate fee study.

Effective, January 1, 2024, the following fees were established:

- Park Facilities
- Transportation
- General Government Facilities
- Fire Facilities
- Police Facilities.

The AB 1600 Nexus study identifies the maximum justifiable development impact fees and are summarized in the table below:

Land Use ¹	General Government				
	Parks	Transportation	Facilities	Fire	Police
Residential	(Fee per Square Foot)				
Single Family	\$3.30	\$0.63	\$1.23	\$0.68	\$0.47
Multi-Family	\$4.65	\$0.60	\$1.73	\$0.95	\$0.66
Non-Residential	(Fee per 1,000 Square Feet)				
Commercial	N/A	\$2,106.62	\$579.18	\$319.36	\$220.05
Office	N/A	\$1,770.12	\$1,272.92	\$701.88	\$483.63
Industrial	N/A	\$268.44	\$127.29	\$70.18	\$48.36

DISCUSSION:

State law, Government Codes 66000 through 66006, requires agencies to annually review the status of development impact fees collected and filed in the AB 1600, Development Impact Fee Report. Development fees are defined by the State as a “monetary exaction, other than a tax or special assessment, charged by a local agency to the applicant in connection with the approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project, but does not include fees” such as application fees, building permit fees, etc. The AB 1600 report must include the beginning and ending balances, fees collected, interest earned, other income (if any) and expenditures made for each established fee. The report also identifies the capital projects to be funded by the respective development fees.

The draft AB 1600 report has been provided to the Desert Valley Builders Association (DVBA), Southern California Edison, Southern California Gas and the Agua Caliente Band of Cahuilla Indians for review and comment.

The law requires the City to provide public notice no less than 10 days prior to holding a public meeting to review the accounts. The public notice was published on November 29, 2024 in the local newspaper. The attached report provides the details of the AB 1600 report.

FISCAL IMPACT:

During FY 2023/2024, Development Impact Fees totaling \$693,585 were collected.

FIVE-YEAR STRATEGIC PLAN:

Goal C: Fiscal Stability and Sustainability

Objective: Cathedral City has economically prospered by facilitating the investment of private dollars in high quality development which benefits the community. We remain financially solvent by instituting prudent fiscal policies and transparent financial practices.

ATTACHMENTS:

1. FY 2023/2024 AB 1600 Report
2. FY 2023/2024 AB 1600 Resolution