



STAFF REPORT

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1/14/2025

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**AGENDA ITEM**

**TO: HONORABLE MAYOR  
AND MEMBERS OF THE CITY COUNCIL**

**FROM: CARLO TOMAINO  
CITY MANAGER**

**BY: SIAMLU COX  
DEPUTY FINANCE DIRECTOR**

**SUBJECT: ANNUAL REPORT ON DEVELOPMENT IMPACT FEES FOR FISCAL YEAR (FY)  
2023-24**

Summary:

In accordance California Government Code, Section 66006, the City is required to report on the status of Development Impact Fees (DIFs), including the collection of revenue and expenditures of these funds. This report summarizes the required annual financial information for Fiscal Year 2023-2024.

Strategic Plan Goals:

Goal No. 1 Financial Stability: Ensure the City's long-term financial stability and resilience.

Goal No. 3 Economic & Downtown Development: Improve the local economy, support local businesses, and create a vibrant downtown core.

Goal No. 4 Infrastructure: Maintain and improve the City's physical infrastructure, water system, and recreational spaces.

Recommendation:

Receive and file the annual financial report findings relating to the Traffic Impact Fees, Park and Recreation Impact Fees, and the Water System Impact Fees required under the California Mitigation Act (AB 1600).

Fiscal Impact:

There is no fiscal impact related to receiving and filing this report, impact fee revenues and expenditures have already been approved as part of the City's budget. Reporting of this information satisfies the City's statutory requirements related to Development Impact Fees (DIF) for new development.

Background and Analysis:

California Government Code Sections 66000 through 66006 contain certain procedural requirements that apply to the collection of DIFs and the expenditure of these revenues. California Government Code, Section 66006, specifies accountability and annual reporting requirements pertaining to development impact fees; SB 1693 modified this code section as of January 1, 1997. While staff prepares an update to the DIF funds with the annually adopted budget, State law requires the City periodically provide reports and make findings to support the ongoing implementation of the current impact fee program. These requirements include: 1) an annual report of receipts, expenditures, and status of DIF funds; and 2) findings every five years providing specific information about certain fund balances. Staff presented the five-year report findings for the year ending June 30, 2022, to City Council at the January 10, 2023, meeting.

The annual report presents a review of the development impact fee activity, by account, for the fiscal year; the report does not include recommendations for any fee changes. However, fee changes that may have occurred during the year have been incorporated into this report. The report includes the following items:

- A. A brief description of the type of fee in the account.
- B. The amount of the fee.
- C. The beginning and ending balance of the account.
- D. The amount of fees collected, and interest earned.
- E. Identification of each public improvement for which fees were spent, the total public expenditures for each improvement, and the percentage of the expenditures that were paid for with development impact fees.
- F. An approximate date by which construction of the public improvement would commence if the City determined that sufficient funds have been collected to complete financing on an incomplete public improvement.
- G. Amount of refunds or re-allocation of development impact fees made pursuant to Government Code 66001

The Water System Impact Fee is considered a capacity fee and is treated differently than other fees under AB 1600 and is not subject to the same findings and accounting requirements. Nonetheless, the Water System Impact fees have historically been a part of this report and are included for full disclosure.

California Government Code, Section 66006(b)(1), requires each local agency to make public a status report of its development fees within 180 days after the last day of each fiscal year. Section 66006(2) also requires each local legislative body to review the annual report on development fees at a public meeting not earlier than 15 days after the information is made available to the public. The City made its annual report available to the public on December 19, 2024.

The City published a notice in the Signal Tribune newspaper pursuant to Government Code Section

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65091 (a)(4) on December 27, 2024, in accordance with Signal Hill Municipal Code Section 1.08.010 on or before December 30, 2024.

As explained in the report, the City has continued to collect and program DIFs to fund important transportation, parks, and water improvement projects needed to address new growth. Staff recommends the City Council receive and file the annual impact fee report in compliance with State codes governing impact fees.

Attachment

A. Annual Impact Fee Report - June 30, 2024