



City Council Agenda Item

City Council Meeting Date: February 3, 2026

TO: Dean Albro, City Manager

FROM: Christie Donnelly, Management Services Director
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SUBJECT: Annual Compliance Report for Development Impact Fees per Government Code Subdivision 66006(b)(1)

Recommendation:

Staff recommends the City Council receive the Annual Compliance Report for Development Impact Fees, and make the findings in the attachments, to satisfy Government Code subdivision 66006(b)(1).

Background:

The Mitigation Fee Act (Government Code sections 66000 *et seq.*) was enacted in 1987, and sets forth the standards against which monetary exactions on development projects are measured. In a paper titled "A Short Overview of Development Impact Fee" by Peter N. Brown, City Attorney, and Graham Lyons, Deputy City Attorney for the City of Carpinteria, for the League of California Cities in 2003, the following is stated:

With the passage of Proposition 13 in 1978 and the decline in local government revenues, local government increasingly relied on impact fees in order to mitigate the impacts created by new development. In response, developers lobbied the State Legislature to curtail the growing use of impact fees. In response, the Legislature passed AB 1600, the California Mitigation Fee Act, which...established a statewide procedure...for exacting certain fees from development projects.

On January 3, 1989, the City Council adopted Resolution No. 3795(89), establishing its first Mitigation Fee Act development fee for fire impacts. Subsequently, the City Council has adopted and updated various other development impact fees applicable to new development within the City. The purpose of development impact fees is to finance the design, construction and acquisition of facilities and equipment necessary to accommodate future development within the City.

Development impact fees that are collected are segregated and placed in special funds or accounts, which earn interest. Those funds are held in accordance with the Mitigation Fee Act to finance the construction of the facilities for which the fees are collected.

The Mitigation Fee Act requires periodic reporting annually and a separate reporting every five years until the funds collected are expended.

Discussion:

The Annual Compliance Report for Development Impact Fees was prepared and posted to the city's website on December 30, 2025 and is attached for Council review and discussion.

Fiscal Impact:

Tracking of the fund activities, summarizing the activity for this report and preparation of the report requires resources of the Finance Division, the primary division tasked with completing the compliance requirements. No funds were expended on outside sources to comply with this unfunded State mandate. While this compliance report is required under the Mitigation Fee Act, the State of California provides no resources to comply with its provisions. Failure to report on activity and account balances per the applicable regulations could allow a successful challenge to the collection of the related fees in the future or repayment of previously collected fees.

Conclusion:

The purpose of the applicable legal requirements under the Mitigation Fee Act, as it applies to findings and compliance reporting, is to provide the community with information as to the status and use of impact fees collected. The report presented meets the requirements for the fiscal year ending June 30, 2025.

Respectfully submitted,

Christie Donnelly, Management Services Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachment: Annual Compliance Report for Development Impact Fees per Government Code Subdivision 66006(b)(1) for Fiscal Year ended June 30, 2025, including that report's following attachments:

- 1) Police Facilities and Vehicles – Annual
- 2) Park Land Acquisition – Annual
- 3) Fire Protection Facilities and Equipment – Annual
- 4) Park Improvements – Annual
- 5) Community and Recreation Center Facilities – Annual
- 6) Traffic Signals – Annual
- 7) Bikeways – Annual
- 8) Streets – Annual
- 9) Library Facilities and Materials – Annual
- 10) Water System – Annual
- 11) Wastewater System – Annual
- 12) Refuse Container Costs – Annual