



SUMMARY REPORT

Agenda Date: 12/6/2022

To: Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: Michelle Arellano 707-565-3776, Katherine DiPasqua 707-565-3779, Terri Wright 707-565-3775

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

AB 1600 Development Fees Annual Reports for FY 2021-22

Recommended Action:

- A) Receive, accept, and review the information contained in the AB 1600 Development Fees Annual Reports for FY 2021-2022 for the Regional Parks Department, the Sonoma County Public Infrastructure Department, the Sonoma Valley Fire District and the Sonoma County Fire District
- B) Adopt a Resolution approving and making findings related to said Annual Reports.

Executive Summary:

AB 1600 enacted Government Codes Sections 66000-66008, requiring that local agencies prepare annual reports on all development impact fees collected on new developments to finance construction costs associated with public facilities, if those fees were established, increased, or imposed on or after January 1, 1989. Reporting is applicable to the development impact fees collected by the Regional Parks Department and the Department of Sonoma Public Infrastructure.

Furthermore, on March 23, 2021 the Board of Supervisors adopted an ordinance establishing fire impact fees on behalf of the Sonoma Valley Fire District and the Sonoma County Fire Districts pursuant to Mitigation Fee Act, which authorizes the collection of development impact fees on new residential and nonresidential developments within each of these Districts to fund the development-related costs of expanding the Districts' facilities, apparatus, and equipment needed to maintain its existing level of service. The Ordinance requires the Fire Districts to prepare annual reports to the Board of Supervisors, in compliance with Government Code section 66006 and 66001(d), on the development impact fees annually collected. This is the first reporting period for the fire districts.

Separately, and in consideration of recently enacted state law as well as the Board's interest in staggering development fees so that smaller fees apply to smaller housing units, Permit Sonoma is in the process of updating the General Plan Housing Element. The update, which is currently under review with the Planning Commission and is expected to return to the Board for adoption in 2023, will include an analysis of governmental constraints to housing, including development fees.

Discussion:

Annually, the Regional Parks Department and the Department of Public Infrastructure provide reports on fee programs under their jurisdictions in compliance with AB 1600, as well as applicable County Code sections. Beginning this year, the Sonoma Valley Fire District and the Sonoma County Fire District will also present annual reports on their respective fire impact fees programs.

The reports do not include fees charged for processing development applications, development agreements, or reimbursement agreements. The report is due 180 days (6 months) after the close of each fiscal year and report concerning each fee fund must be made available to the public.

Each agency's report includes the following components:

1. A narrative summary of the financial statement.
2. A brief project status statement for each capital project referenced in the financial statement.
3. The financial statement.

Among other fee and project information, balances of any fee deposits that are five or more years old are required to be reported in the fifth fiscal year following their first deposit into the account or fund, and every five years thereafter if still unexpended.

Regional Parks

The Regional Parks Department's report covers Park Mitigation fees under Chapter 20, Article X - Development Fees for Parks and Chapter 25, Article VI - Public Improvements of the [Sonoma County Code](http://library.municode.com/index.aspx?clientId=16331) [<http://library.municode.com/index.aspx?clientId=16331>](http://library.municode.com/index.aspx?clientId=16331). First established in 1986, the purpose of the Ordinance is to assist the County in acquiring and developing parks to meet the growing population as a direct correlation to the development and construction of new homes. There is a reasonable relationship between the fee and the purpose for which it is charged in that park mitigation fees provide funds needed to acquire and develop park facilities, in conformance with Sonoma County General and Specific Plan requirements, to meet the demands caused by the increasing urbanization of Sonoma County's unincorporated areas. The fee is based on estimated cost of developing regional and community park facilities to service the county.

The Sonoma County Code and Government Code Section 66006 requires the Director of Regional Parks to report to the Board annually on the income and appropriations in each of the seven areas covered by the Park Mitigation Fee Ordinance. This information is contained in the attached report. In addition, Government Codes Sections 66006 requires an annual report be made available to the public with specific information about the fee - the amount of the fee, the purpose of the fee, the projects that were funded by the fee, etc.

The Regional Park Mitigation rate for FY 2021-22 was \$3,678 per developed unit. The FY 2021-22 beginning fund balance in the Park Mitigation Fund (seven areas) was \$1,324,417. Total fees collected and miscellaneous revenue were \$965,529. Interest earned was \$7,955 and refunds were \$3,165. Thus, the total fees plus interest earned in the Park Mitigation Fee Fund in FY 2020-21 was \$970,319.

A total of \$622,140 was transferred to 29 Capital Projects for the planning, acquisition, design and construction of new and expanded park facilities. The year's ending fund balance was \$1,672,596. The attached report includes a full breakdown of fees collected and funds appropriated for each of the seven areas.

Park Mitigation Fees were used to leverage grants and other matching contributions at an approximate ratio of 8 to 1. This means that each dollar generated by mitigation fees helps leverage about \$8 in additional funding for Park acquisitions and development, which was primarily from State and Federal sources. In FY 2021-22 there was \$78,397 in the Area 7 Park Mitigation Trust Account that were collected in or before FY 2016-17 and remain unspent. Those funds have been committed to the following capital projects in FY 2022-23: Maddux Park Phase 4 and Mark West Creek Trail.

No funding collected in or before FY 2016-17 remains unspent in any of the remaining six Park Mitigation Fee Trust Accounts as of June 30, 2022.

Department of Public Infrastructure (formerly Transportation & Public Works)

In order to implement the goals and objectives of the general plan, including the Circulation and Transit Element of the General Plan, and to mitigate the traffic impacts caused by new development in Sonoma County, certain public roadway improvements must be constructed to ensure a safe and efficient level of service. The purpose of the traffic mitigation fees adopted by [ordinance <\[http://library.municode.com/HTML/16331/level2/CH26SOCOZORE_ART98DEFE.html\]\(http://library.municode.com/HTML/16331/level2/CH26SOCOZORE_ART98DEFE.html\)>](#) (Section 26-98 of the [Sonoma County Code <<http://library.municode.com/index.aspx?clientId=16331>>](#)) is to pay the costs of roadway facilities and improvements in accordance with the provisions of the General Plan. Under AB 1600 and the Sonoma County Code, the Department of Public Infrastructure reports on the following traffic mitigation fee programs:

Countywide Traffic Mitigation - In May 1990, the Board established the Countywide Development Fees (currently, [Sonoma County Code Sec. 26-98-600 <\[https://www.municode.com/library/ca/sonoma_county/codes/code_of_ordinances?nodeId=CH26SOCOZORE_ART98DEFE_S26-98-605CODEFEIMAR\]\(https://www.municode.com/library/ca/sonoma_county/codes/code_of_ordinances?nodeId=CH26SOCOZORE_ART98DEFE_S26-98-605CODEFEIMAR\)> et seq.](#)>), which apply to all unincorporated lands within the boundary of the county except for those lying within the boundaries of the Sonoma Valley development fee impact area. The FY 2021-22 beginning balance was \$10,379,604. Collected fees total \$1,113,659 and interest earned was \$62,800. Funds expended total \$79,455, refunds were \$9,128 and an accounting adjustment of \$2,257 was made during FY 2021-22. The total ending balance, as of June 30, 2022 was \$11,465,224.

A total of \$79,455 was transferred from the Countywide Traffic Mitigation fund (11054) to the Roads Capital Improvements fund (11051) for expenses associated with improvements to lighting and pedestrian signals on Old Redwood Highway in Larkfield project (C19003).

California Government Code 66001 requires that a local agency shall make findings for funds remaining unexpended, whether committed or uncommitted in the fifth fiscal year following the first deposit into the fund, and every five years thereafter if still unexpended. Such 'five-year findings' were made in conjunction with the FY 2018-19 Development Fees Annual report presented to the Board on December 11, 2018 and therefore, no findings are required for FY 2021-22.

Sonoma Valley Traffic Mitigation - In 1989, the Board established development fees (currently, Sonoma County Code [Sec. 26-98-005](#)) to finance the improvements of certain public facilities and services within the Sonoma Valley area. The FY 2021-22 beginning balance was \$356,829. Collected fees were \$28,789, interest

earnings total \$2,108 and refunds were \$6,778. No expenditures were incurred during the reporting period. The FY 2021-22 ending balance, as of June 30, 2022, was \$380,947. California Government Code 66001 requires that a local agency shall make findings for funds remaining unexpended, whether committed or uncommitted in the fifth fiscal year following the first deposit into the fund, and every five years thereafter. No fees remain unexpended for five years within the Sonoma Valley Traffic Mitigation fund.

Automatic Annual Fee Adjustments

County Codes Sections [26-98-070](#)

https://www.municode.com/library/ca/sonoma_county/codes/code_of_ordinances?nodeId=CH26SOCOZORE_ART98DEFE_S26-98-070ANADREFE and [26-98-650](#)

https://www.municode.com/library/ca/sonoma_county/codes/code_of_ordinances?nodeId=CH26SOCOZORE_ART98DEFE_S26-98-650ANADREFE require traffic development fees be adjusted

automatically based upon the Engineering News Record (ENR) Construction Cost Index (CCI). In January, the fees for Countywide Traffic Mitigation and the Sonoma Valley Traffic Mitigation programs are adjusted annually by a percentage amount equivalent to the change in the ENR CCI for the preceding twelve-month period*.

Fees are collected by the Permit Sonoma as part of the permitting process. The subject fees during Fiscal Year 21-22 were as follows:

July 1, 2021 - December 31, 2021:

Residential Fee	\$857
Commercial Fee	\$262
Industrial Fee	\$239

In accordance with the automatic annual adjustment under the Ordinance, the subject fees for January 1, 2022 - June 30, 2022 were increased 7.4% over 2021 rates, as follows:

Residential Fee	\$920
Commercial Fee	\$281
Industrial Fee	\$257

**Traffic Mitigation fees are updated annually each January for the calendar year. Permit fees are calculated by applying the Average Daily Trip (ADT) rate based on the type of development and as determined by the Institute of Engineers Manual (ITE), to the annual rate. Using the Single-Family Dwelling rate as an example, the ADT (9.43) is multiplied by the annual rate (\$920), resulting in a permit fee of \$8,676 (9.43 x \$920 = \$8,676).*

Sonoma Valley Fire District

The Sonoma Valley Fire District Board of Directors adopted a resolution requesting the County of Sonoma adopt an ordinance to establish development impact fees for their service areas on February 9, 2021. On March 23, 2021, the County adopted an ordinance authorizing the collection of the impact fees outlined in the Sonoma Valley Fire District's Nexus Study, beginning on July 1, 2021. The Nexus Study established the legal and policy basis for the imposition of fire impact fees on new residential and non-residential development to fund the development-related costs of expanding facilities, apparatus, and equipment needed to maintain existing service levels. The Board also approved a collection agreement which enables Permit Sonoma to collect and pass-through fees collected on behalf of the Sonoma Valley Fire District.

Pursuant to Government Codes Sections 66000-66008, the Sonoma Valley Fire District prepared a FY 2021-22 AB1600 report, which indicates that \$9,987.81 was collected in the reporting period and was used to reimburse the purchase a new Type 3 engine purchased on July 20, 2021. The report further indicates that no refunds were recently remitted from Permit Sonoma. The AB 1600 report was approved by the Sonoma Valley Fire District Board on November 8, 2022 and was made available to the public as required by law.

California Government Code 66001 requires that a local agency shall make findings for funds remaining unexpended, whether committed or uncommitted in the fifth fiscal year following the first deposit into the fund, and every five years thereafter. As FY 2021-22 is the first year of collection, no fees remain unexpended for five years within the Sonoma Valley Fire Mitigation fund.

Sonoma County Fire District

The Sonoma County Fire District Board of Directors adopted a resolution requesting the County of Sonoma adopt an ordinance to establish development impact fees for their service areas on February 16, 2021. On March 23, 2021, the County adopted an ordinance authorizing the collection of the impact fees outlined the in Sonoma County Fires District's Nexus Study beginning on July 1, 2021. The Nexus Study established the legal and policy basis for the imposition of fire impact fees on new residential and non-residential development to fund the development-related costs of expanding facilities, apparatus, and equipment needed to maintain existing service levels. The Board also approved a collection agreement which enables Permit Sonoma to collect and pass-through fees collected on behalf of the Sonoma County Fire District.

Pursuant to Government Codes Sections 66000-66008, the Sonoma County Fire District prepared a FY 2021-22 AB1600 report, which indicates that \$70,104.26 was collected in the reporting period were remitted to the Sonoma County Fire District Impact Fund and will remain in the dedicated fund until a compliant project is approved by the Sonoma County Fire District Board of Directors. The report further indicates that no refunds were issued and no interest was accrued since the funds were remitted from Permit Sonoma. The AB 1600 report was approved by the Sonoma County Fire District Board on November 15, 2022 and was made available to the public as required by law.

California Government Code 66001 requires that a local agency shall make findings for funds remaining unexpended, whether committed or uncommitted in the fifth fiscal year following the first deposit into the fund, and every five years thereafter. As FY 2021-22 is the first year of collection, no fees remain unexpended for five years within the Sonoma County Fire Mitigation fund.

The requested Board action includes the adoption of the attached resolution approving and making findings related to the AB 1600 Development Fees Annual Reports for the Regional Parks Department, Department of Public Infrastructure, Sonoma Valley Fire District, and Sonoma County Fire District.

Prior Board Actions:

The Board has annually approved AB 1600 Development Fee Reports, with the most recent report approved on 12/7/21.

3/21/21 Board approved development impact fees for fire protective service on behalf of Sonoma Valley Fire District and the Sonoma County Fire District and adopted an ordinance to impose the two Fire Districts' impact fees.

FISCAL SUMMARY

Narrative Explanation of Fiscal Impacts:

There is no impact to the FY 2022-23 budget associated with the AB 1600 Development Fees Annual Report. This report is administrative and intended to document development impact fees accumulated and investment activities completed in FY 2021-22.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

1. Resolution
2. AB 1600 Development Fees Annual Report
3. Sonoma Valley Fire District Board Resolution
4. Sonoma County Fire District Board Resolution

Related Items "On File" with the Clerk of the Board:

None