



## CITY OF BANNING STAFF REPORT

**TO:** CITY COUNCIL

**FROM:** Arturo Vela, Interim City Manager

**PREPARED BY:** Bonnie Johnson, Interim Administrative Services Director  
Michelle Green, Interim Administrative Services Director

**MEETING DATE:** December 9, 2025

**SUBJECT:** Consideration of Resolution 2025-174, A Resolution of the City Council of the City of Banning Making Findings for Unexpended Development Fees in Accordance with Government Code Section 66000 and Reviewing and Accepting Annual Development Fee Disclosure Information.

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### **RECOMMENDATION:**

Adopt Resolution 2025-174.

### **BACKGROUND:**

To promote transparency and ensure that development-related mitigation fees are used appropriately and within required timeframes, the State Legislature enacted AB 1600, known as the Mitigation Fee Act ("Act"). The Act applies to development impact fees imposed or increased on or after January 1, 1989, and is codified in Government Code Section 66000 et seq.

Under the Mitigation Fee Act, local agencies must prepare an annual consolidated report detailing the receipt and use of Development Impact Fees. The report fulfills the annual reporting requirements for Fiscal Year 2024–2025 and the Act's five-year reporting requirements.

For the prior fiscal year, Government Code Section 66006(b)(1) requires disclosure of the following information:

1. A description of each fee program.
2. The fee amounts.
3. Beginning and ending fund balances.
4. Total revenues, including interest earnings.
5. A list of public improvements funded with the fees, the expenditures for each improvement, and the percentage of each project funded by fees.
6. The anticipated start date for any incomplete public improvements for which sufficient funds have been collected.
7. A description of any interfund transfers or loans, including the purpose, repayment terms, and interest rate, if applicable.
8. Any refunds or allocations made pursuant to Government Code Sections 66001(e) and 66001(f).

Additionally, Government Code Section 66001(d)(1) requires that for the fifth fiscal year following the first deposit into a fee account—and every five years thereafter—the City make specific findings for any unexpended funds, whether committed or uncommitted. These findings must include:

1. The purpose for which the fees will be used.
2. Demonstration of a reasonable relationship between the fee and its intended purpose.
3. Identification of all anticipated funding sources and amounts needed to complete any incomplete improvements.
4. The approximate dates when the additional funding is expected to be deposited.

**JUSTIFICATION:**

Government Code Section 66006 requires cities that impose development impact fees to prepare an annual accounting of those fees, including detailed information on revenues, expenditures, and fund balances. The statute also requires agencies to provide specific findings supporting the continued retention of any fees that have remained unexpended or uncommitted for more than five years.

In addition, Government Code Section 66001 mandates that agencies make the findings outlined in Section 66001(d)(1) every five years for each impact fee fund. These findings—addressing the purpose of the fee, the reasonable relationship between the fee and the improvement, the sources and amounts of funding needed to complete the improvements, and anticipated funding timelines—must be included as part of the annual reporting process.

Council approval of the attached reports and findings is necessary to comply with these statutory requirements.

**FISCAL IMPACT:**

Not applicable.

**ALTERNATIVES:**

Do not approve, which may result in noncompliance with the Government Codes abovementioned.

**BUDGETED?:**

No

**CONTRACT/AGREEMENT:**

No

**ATTACHMENTS:**

1. [Resolution 2025-174.docx](#)
2. [Exhibit A to Resolution 2025-174d: Banning AB1600 Reporting.docx](#)