



Agenda Item No: 1.e

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: December 2, 2025

Submitted by: Jerry Griggs

From: Finance

Subject:

FISCAL YEAR 2024-25 DEVELOPMENT IMPACT FEE REPORT (AB 1600)

Financial Impact:

Fiscal Impact:

There is no fiscal impact associated with the recommended action.

Summary:

The attached report is prepared to comply with the California Government Code Section 66006, which requires an annual disclosure and review of collected development impact fees and expenditures.

Recommendation:

Recommended Action: It is recommended that the City Council:

Receive and file the Fiscal Year 2024-25 Development Impact Fee Report (AB 1600).

Strategic Plan Statement:

This item does not directly support a strategic plan goal/objective.

Discussion:

California's AB 1600, also known as the Mitigation Fee Act (Government Code section 66000), was established in California on September 19, 1987. AB 1600 requires local governments to create a development impact fee program where the developers are charged fees for building new construction projects. These impact fees are meant to compensate local governments for infrastructure and public facilities that are necessary to support the increased demand resulting from new development, such as roads, schools, parks, and public safety services.

The purpose of the AB 1600 Developer Impact Fee Annual Report (Government Code 66006) is to address several critical needs:

- Identify and describe each type of fee: The annual report must specify each type of development impact fee that was collected during the reporting period. This includes fees for specific purposes like transportation, parks, public safety, or other infrastructure needs.
- Amount of fees collected: Local governments must report the total amount of fees collected during the reporting period for each fee category. This information helps to track the financial resources available for various infrastructure projects.

- Beginning and ending balances: The report should include the beginning and ending balances of each fee category's fund. This helps the public understand how the collected fees were carried over from previous years and how they were spent during the reporting period.
- Amount of interest earned: The annual report must disclose any interest earned from the fees collected. This interest should typically be used for the same purposes as the fees collected.
- Amount of fees expended or to be expended: Local governments are required to detail the expenditures made or to be made from the collected fees. This includes specifying the projects and activities for which the fees are used, providing transparency on how the funds are spent.
- Inter-fund transfers and loans: The report must describe any impact fees that were used for transfers between city funds or for loans, if applicable.
- Amount of refunds made: The report must identify the amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.

Furthermore, the Mitigation Fee Act requires an agency to make the following findings every five years:

- Identify the fee's purpose.
- Demonstrate a reasonable relationship between the fee and its purpose.
- Identify all sources and amounts of funding anticipated to complete the financing in incomplete improvements in the fee program.

In summary, the AB 1600 Developer Impact Fee Annual Report is essential for promoting transparency, accountability, informed decision making, legal compliance, public participation, and data-driven planning in the collection and utilization of development impact fees in California. It helps ensure that the funds collected from developers are used for their intended purposes and benefit the communities affected by new construction projects.

Currently, the City of Placentia collects several types of impact payments, and the activities of these programs are captured in dedicated funds. The attached report includes a narrative on the purpose of the fee, how the fee is calculated, fund activity and balance, a listing of projects for the fiscal year ended June 30, 2025, and if applicable, a list of projects any unexpended fees will be used for over the next five-years.

Fiscal Impact Summary:

There is no fiscal impact associated with the recommended action.

Attachments

[2024.25 Development Impact Fee Report.pdf](#)