



## **CITY OF MENIFEE**

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SUBJECT: Annual Report on Receipt and Use of Development Impact Fees

MEETING DATE: December 17, 2024

TO: Mayor and City Council

PREPARED BY: Margarita Cornejo, Deputy Finance Director

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Armando G. Villa, City Manager

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### **RECOMMENDED ACTION**

1. Receive and file the Fiscal Year 2023/24 annual report on receipt and use of Development Impact Fees (DIF) as required by Government Code Section 6606(b)(2); and
2. Adopt the five-year findings pursuant to Government Code 66001(d)(1) for the nexus, need and planned use of DIF collected in excess of five years.

### **DISCUSSION**

The Mitigation Fee Act (hereafter the “Act”) is contained in the California State Government Code Section 66000 and governs the establishment and administration of Development Impact Fees (DIF). The Act requires that local agencies, within 180 days after the last day of each fiscal year, make available to the public an accounting review of these fees. This review summarizes each fee and includes the beginning balance, annual revenues and expenditures, interest earned, the ending balance and any refunds. Further, Section 66006(b)(2) requires that the local agency governing board review the information made available to the public pursuant to Section 66006(b)(1).

The fees are required to be used for new public capital facilities, which are necessitated by new development. The Act also requires the City identify any fee revenue that has been held for more than five years without being expended and adopt five-year findings pursuant to Section 66001(d)(1). The five-year findings are done in conjunction and incorporated as part of the annual report.

**Fiscal Year 2023/24 Reporting**

The Fiscal Year 2023/24 Annual Report, attached for review, includes the following sections:

- Section “1” Description of Development Impact Fees
- Section “2” Summary of Impact Fee Amounts
- Section “3” Summary of Fee Activity FY2023/24 & 5 Year Test
- Section “4” Summary of Fee Expenditures

The reported period covers the period of July 1, 2023, through June 30, 2024.

Included with this staff report are schedules for the Road and Bridge Benefit Areas, the Local Park DIF, the Paloma Wash DIF, Area Plan 16, Area Plan 17, and the corresponding adopted citywide fees, summarized as follows:

**TABLE 1: SUMMARY OF DIF FEES**

Impact Fee Name/Title	Resolution/Ordinance Number
Menifee Road & Bridge Area (RBBB)	County Ordinance No. 659/ City Ordinance 2008-01
Scott Road & Bridge Area (RBBB)	County Ordinance No. 659/ City Ordinance 2008-01
Local Park DIF (Quimby)	City Ordinance 2019-291
Paloma Wash DIF	County Ordinance No. 659/ City Ordinance 2008-01
Area Plan 16: Highway 74/79*	County Ordinance No. 659/ City Ordinance 2008-01
Area Plan 17: Sun City/Menifee Valley*	County Ordinance No. 659/ City Ordinance 2008-01
Citywide DIF ( <i>separate funds</i> ): - Law Enforcement - Fire - Circulation - Transportation - Storm Drainage - General Government - Public Use Facilities - Parks (Land Acquisition) - Parks (Improvements) - Master Planning and Nexus Analysis - Library Facilities	Ordinance 2017-232 (2022 DIF Fee Update was adopted pursuant to Resolution No. 22-1264)

\*These two area plans are now only applicable to previously approved development agreements. On December 20, 2017, City Council adopted Ordinance 2017-232 adding Chapter 8.02 to the Menifee Municipal Code adopting updated citywide Development Impact Fees (DIF) in accordance with the Act. These new citywide DIF were to replace the existing fee schedule and be effective July 1, 2018, with the phasing in of the non-residential fees over a two -year period.

Most recently, with analysis efforts beginning FY2021/22, the City completed a Development Fee Program 2022 Update, which was adopted on November 16, 2022, with the first annual fee adjustment occurring July 1, 2024. New and/or updated fees were authorized with an effective date of July 1, 2023. Adjustments to the fees shall be made annually in accord with the Engineering News Record Construction Cost Index beginning July 1, 2024. Specific DIF information included in this year's report reflects historical DIF fees inherited under the original County structure, and City's first Fee Study effective July 1, 2018 and any new fees based on the 2022 update.

The studies and supporting documentation presented or adopted as part of the established DIF identify the public improvements that the specific fees will be used towards. These studies also show that there is a reasonable relationship between the fees used and the type of development project on which the fee is imposed.

Historically in the City of Menifee, the required governing board review of the annual report of the development impact fees has been achieved through the City Council's acceptance of a report containing the required information.

#### **STRATEGIC PLAN OBJECTIVE**

Regular City Business

#### **FISCAL IMPACT**

There is no fiscal impact associated with the recommended action.

#### **ATTACHMENTS**

1. FY2023/24 AB1600 Report