



CITY OF SONOMA

Local Agency Developer Improvement Fee Report: AB1600 & Quimby Act Fiscal Year Ended June 30, 2024 Prepared by: Finance Department



City of Sonoma

Annual AB 1600 and Quimby Fee Report

The **Annual AB 1600 and Quimby Fee Report** for the City of Sonoma provides a detailed account of the collection, use, and management of development impact fees, including Affordable Housing Impact Fees, Residential Impact Fees, Fire Impact Fees, and Quimby Fees, for the fiscal year ending June 30, 2024. These fees are crucial for ensuring that new developments contribute equitably to the cost of public infrastructure, services, and recreational facilities, thereby maintaining a high quality of life for Sonoma residents and supporting sustainable community growth.

AB 1600 Reporting Overview

AB 1600, also known as the Mitigation Fee Act, is codified in California Government Code §§ 66000-66025. It governs the establishment and use of Development Impact Fees (DIFs) imposed on new development to offset the cost of infrastructure and public facilities necessitated by growth. These fees must be justified through nexus studies, ensuring a clear relationship between the fees collected and the impacts of development.

State law requires local agencies to prepare an annual report documenting the collection and expenditure of these fees and to demonstrate compliance with the provisions of Government Code §§ 66006(b) and 66001(d). The report must be reviewed at a regularly scheduled public meeting of the City Council and made publicly accessible. The City Council will review this report at its meeting on **January 15, 2025**.

Quimby Fee Reporting Overview

The Quimby Act, authorized under California Government Code § 66477 and implemented through Sonoma Municipal Code Chapter 16.10, ensures that new developments contribute to the creation or enhancement of parks and recreational facilities. Developers are required to either dedicate land or pay in-lieu fees to meet parkland standards. The funds generated by Quimby Fees support projects that align with the City's General Plan policies, ensuring adequate parkland and recreational services for a growing community.

Development Impact Fees in Sonoma

This report details the balances, collections, and expenditures for the following fees:

- **Affordable Housing Impact Fee:** Supports affordable housing programs, particularly for low- and moderate-income households, and aligns with the City's Housing Element goals.
- **Residential Impact Fee:** Addresses the financial impacts of residential growth on infrastructure and services, ensuring equity and sustainability.
- **Fire Impact Fee:** Funds the maintenance and enhancement of fire protection services, including station expansion and acquisition of essential equipment.

Quimby Fees in Sonoma

This report details the balances, collections, and expenditures for the following fee:

- **Quimby Fee:** Supports the creation and enhancement of parks and recreational facilities, ensuring the City meets parkland standards and preserves the community's quality of life.

Key Financial Summary (FY 2023-24)

Fee Type	Starting Balance	Fees Collected	Interest Earned	Expenditures	Ending Balance
Affordable Housing Fee	\$124,002.06	\$7,452.98	\$5,808.45	-	\$137,263.49
Residential Impact Fee	\$15,456.00	\$25,614.38	\$132.77	-	\$41,203.15
Fire Impact Fee	\$1,720.00	\$103,780.20	\$4,502.20	-	\$110,002.40
Quimby Fee	\$661,751.62	\$229,710.40	\$11,059.13	\$10,170.02	\$892,351.13

Quimby Fee Improvement Projects

The following Quimby Fee projects are reserved and allocated to improve parks and recreational infrastructure within the City of Sonoma:

- **Pinelli Park Project (P-7):** \$32,755.00 (Completion within 5 years)
- **Olsen Park Improvement (P-8):** \$230,166.00 (Completion within 5 years)
- **Fifth Street West Park (P-13):** \$359,430.13 (Completion within 5 years)
- **Depot Park Improvement (P-9):** \$200,000.00 (Completion within 5 years)
- **Sonoma Overlook Trail Rehab (P-14):** \$70,000.00 (Completion within 5 years)

Transparency and Accountability

This report ensures compliance with state law, provides transparency in the use of public funds, and demonstrates the City's commitment to responsibly managing resources for public benefit. The detailed financial transaction for the fees is attached to this report.

Affordable Housing Impact Fee

The purpose of the Affordable Housing Impact Fee in the City of Sonoma is to generate revenue dedicated to supporting affordable housing programs. These fees, levied on various non-residential developments, are designed to address the housing demand created by new non-residential development, particularly for low- and moderate-income households.

Revenue from these fees are deposited into the City's Affordable Housing Trust Fund (Reso. 18-2019) to create a larger pool of funds to be used to:

1. Enable the development and preservation of affordable housing units.
2. Provide affordable housing loan and grant programs.
3. Cover administrative costs for affordable housing programs and projects.

The impact fees adopted by Resolution 12-2020 are based on a nexus study that determined the relationship between new non-residential development and the resulting need for affordable housing, ensuring compliance with the Mitigation Fee Act (AB 1600). The fees are calculated for new non-residential development, including additions, by multiplying the number of gross square feet by the per square foot dollar amount identified by Resolution 12-2020 applicable to the type of nonresidential development which is proposed.

No projects have been identified for the use of these funds at this time. However, the City regularly evaluates potential applications of the Affordable Housing Trust Fund revenue during the budgeting process for capital projects. The City plans to review this fee as part of the FY 2025-26 budget process to earmark these funds for a qualifying project within the next two to three years. There were no interfund transfers or refunds recorded for FY 2023-24.

Document Establishing Fees	Reso 12-2020
Account	732-00000-000-30120
Formula for Determining Fee	Reso 12-2020

07/01/2023 Starting Balance	Fees Collected	Interest Earned	Available Balance	Actual Expenditure or Adjustment	06/30/2024 Ending Balance
91,164.42	7,452.98	5,808.45	104,425.85	-	104,425.85

Impact Fee Residential

The purposes of the residential impact fee established by Resolution #47-86 for the City of Sonoma are to:

1. Ensure new residential developments contribute their "fair share" to the cost of city services and infrastructure, maintaining equity with existing properties.
2. Address the financial impacts of residential growth as identified in the Cost Revenue Impact Study, including future capital project needs, revenues, and expenses.
3. Mitigate the burden on the City by funding necessary services and resources for new residents and properties.
4. Reflect the increased cost of construction, as indicated by a 5% rise in the Engineering Cost Index since May 1983.
5. Support the City's ability to provide essential infrastructure and services in a sustainable and equitable manner.

New residential developments are charged \$966 per residential unit and was determined to be the fair share by the impact study prepared in 1986. This fee has not changed since that date. Fees are to be expended on infrastructure projects. There were no interfund transfers or refunds of the impact fees collected in FY 2023-24.

Document Establishing Fees	Reso 47-1986
Account	301-00000-000-30110
Formula for Determining Fee	Reso 47-1986

07/01/2023 Starting Balance	Fees Collected	Interest Earned	Available Balance	Actual Expenditure or Adjustment	06/30/2024 Ending Balance
\$15,456.00	\$25,614.38	132.77	41,203.15	-	41,203.15

Fire Impact Fee

The Fire Impact Fee for the City of Sonoma ensures that new developments contribute equitably to the costs of maintaining and enhancing fire protection services. This fee helps maintain adequate emergency response levels, prevents the financial burden from falling solely on existing residents, and complies with California’s Mitigation Fee Act by demonstrating a clear connection between new development and the need for expanded services.

The fee’s purpose is to fund the one-time costs to expand the Sonoma Valley Fire District's facilities, apparatus, and equipment needed to maintain its existing level of service. The term “facilities” or “fire system facilities” represent land, stations, and other buildings and the term apparatus refers to engines, ambulances, and other vehicles. They cannot be used for personnel costs but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to refurbish existing facilities to maintain the existing level of service.

The fees are calculated for new development by multiplying the number of gross square feet by the per square foot dollar amount identified by SMC Chapter 3.40 and by Resolution 09-2021 applicable to the type of development which is proposed.

No projects have been identified for the use of these funds in FY 2023-24. There were no interfund transfers or refunds for Fire Impact Fee in FY 2023-24. This fee will be evaluated during FY 2025-26 budget process to fund allowable fire system facilities.

Document Establishing Fees	SMC 3.40
Account	798-00000-000-30112
Formula for Determining Fee	Reso 09-2021

07/01/2023 Starting Balance	Fees Collected	Interest Earned	Available Balance	Actual Expenditure or Adjustment	06/30/2024 Ending Balance
\$26,595.17	\$103,780.20	4,502.20	134,877.57	-	134,877.57

Quimby Fee Fund 314

Sonoma Municipal Code Chapter 16.10 ensures that new developments contribute to the creation or enhancement of parks and recreational facilities by requiring developers to either dedicate land or pay in-lieu fees. This aligns with the California Quimby Act, which aims to maintain a standard of up to five acres of parkland per 1,000 residents. The primary purposes of this code are to ensure adequate parkland for growing communities, equitably distribute the costs of public amenities, implement the city's General Plan policies, and preserve the community's quality of life by supporting recreational and public infrastructure needs. Prior to FY 2019-2020 no Quimby funds were collected. All funds collected have been committed/reserved for Parks project in the chart below.

SMC Section 16.10.30

C. Amount of Parkland Required . The amount of acreage required to be dedicated by a residential subdivider for park and recreational purposes shall be based upon the number of dwelling units expected in the subdivision. The required dedication shall be computed using the following formula:

$$X = .005(UP)$$

Where:

X = Amount of parkland required, in acres.

U = Total number of approved dwelling units in the subdivision.

P = The projected average number of residents per dwelling unit in the proposed subdivision, as determined by the city planner.

Document Establishing Fees SMC 16.10
Account **314-00000-000-30110**
Formula for Determining Fee SMC 16.10

07/01/2023 Starting Balance	Fees Collected	Interest Earned	Available Balance	Actual Expenditure or Adjustment	06/30/2024 Ending Balance
\$ 661,751.62	\$ 229,710.40	\$ 11,059.13	\$ 902,521.15	10,170.02	\$ 892,351.13
ACTION:					
Reserved for identified improvement projects.					\$ 892,351.13
<i>Pinelli Park Project P-7</i>				Total Project Cost	\$ 32,755.00
Remaining Balance				More than 5 Years	\$ -
				Less than 5 Years	\$ 32,755.00
<i>Olsen Park Improvement P-8</i>				Total Project Cost	\$ 230,166.00
Remaining Balance				More than 5 Years	\$ -
				Less than 5 Years	\$ 230,166.00
<i>Fifth Street West Park P-13</i>				Total Project Cost	\$ 359,430.13
Remaining Balance				More than 5 Years	\$ -
				Less than 5 Years	\$ 359,430.13
<i>Depot Park Improvement P-9</i>				Total Project Cost	\$ 200,000.00
Remaining Balance				More than 5 Years	\$ -
				Less than 5 Years	\$ 200,000.00
<i>Sonoma Overlook Trail Rehab P-14</i>				Total Project Cost	\$ 70,000.00
Remaining Balance				More than 5 Years	\$ -
				Less than 5 Years	\$ 70,000.00