

City of Willows
Annual Mitigation Fee Act (AB 1600) Report on Development Impact Fees
for Fiscal Year Ending June 30, 2024

Introduction

LEGAL REQUIREMENTS FOR DEVELOPMENT IMPACT FEE REPORTING

A. California Government Code Section 66006 (b)

Government Code Section 66006(b) defines the specific annual reporting requirements for local agencies that impose AB 1600 Development Impact Fees on new development. Annually, for each separate fund established for the collection and expenditure of Development Impact Fees, the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the following information for the most recent fiscal year:

- A brief description of the fee in the account or fund; and
- The amount of the fee; and
- The beginning and ending balance of the account or fund; and
- The amount of the fees collected, and the interest earned; and
- An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement; including the total percentage of the cost of the public improvement that was funded with the fees; and
- An identification of an approximate date by which the construction of the public improvement will commence, if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement; and
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan; and
- The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements when the local agency fails to identify, within 180 days, an approximate date construction will comment, and the amount of reallocated funds when the administrative costs of refunding unexpended revenues exceeding the amount to be refunded.

B. California Government Code Section 66001 (d)

For all funds established for the collection and expenditure of Development Impact Fees, Governmental Code Section 66001 (d) has additional requirements. For the fifth fiscal year following the first deposit into the fund and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the fund remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put; and
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged; and
- Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements; and

- Designate the approximate dates on which the funding is expected to be deposited into the appropriated account or fund.

C. Additional Notes

California Government Code Section 66002 states that local agencies that have developed a fee program may adopt a Capital Improvement Plan (CIP) indicating the approximate location, size, timing of availability, and estimates of cost for all facilities or improvements to be financed by fees. A formal CIP is recommended, at a minimum, as a five-year plan. The City of Willows has developed a CIP and at the duly noticed public meeting, the City Council adopted the most recent CIP at the City Council Meeting of July 26, 2022. An updated version of the CIP is scheduled to be adopted in January 2024.

D. Establishing a Reasonable Relationship Between the Fee and the Purpose for Which it is Charged.

On June 24, 2008, the City Council adopted Resolution 30-2008 establishing Development Impact Fees as set forth in the Development Impact Mitigation Fee Feasibility Study completed that year for the City. Subsequently, the City adopted Ordinance 684-09 setting forth the overall Development Impact Fee Program.

The Development Impact Fees Nexus Study sets forth the relationship between contemplated future development, facilities needed to serve future development and the estimated costs for those improvements based on the General Plan. Per Section 19-05.030 of the City's Municipal Code, the City can review the fees to determine whether the fee amounts are reasonably related to the impacts of developments. Additionally, fees can be updated annually to reflect changes in the Engineering News Record (ENR) Index.

E. Funding of Infrastructure

The FY 2023-2024 adopted budget includes funding for those capital improvements identified in the Capital Improvement Program (CIP) for funding projects identified for the current budget year. Due to the recent prioritization and adoption of a CIP, the FY 2023-2024 and future budgets will include providing a framework for programming projects for implementation by fiscal year for planning purposes.

The City of Willows collects Development Impact Fees to offset and address the impacts of new development on facilities and infrastructure. Currently there are eight Development Impact Fee categories:

- Library
- Parks and Recreation
- Freeway Interchanges
- Street and Traffic
- Public Safety-Police
- Fire
- Wastewater
- Storm Drainage

While each fee category has its own methodology for determining fees, two main principles apply throughout:

- The City of Willows aims to maintain the existing level of service through any periods of growth; and
- New development should pay its fair share of the City's infrastructure needs.

The fees in effect as of June 1, 2021, are as follows:

TABLE 1 – Current Impact Fees

Development Impact Fees	Single Family Residence \$ per unit	Multi-Family Residence \$ per unit	Commercial \$ per 1,000 s.f.	Industrial \$ per 1,000 s.f.
Library	\$1,495	\$1,434	-	-
Parks and Recreation	\$2,995	\$2,872	-	-
Freeway Interchanges	\$412/k.s.f.	\$290/ k.s.f.	\$892	\$276
Street and Traffic	\$768/k.s.f.	\$539/k.s.f.	\$1,662	\$514
Police	\$790/k.s.f.	\$758/k.s.f.	\$344	\$162
Fire	\$1,623/household or k. s.f.	\$1,556/household or k.s.f.	\$707	\$333
Wastewater	\$1,261/k.s.f.	\$1,209/k.s.f.	\$549	\$258
Storm Drainage	\$1,261/k.s.f.	\$1,209/k.s.f.	\$549	\$258

A detailed description of FY 2023 activity for each development fee follows. The City anticipates collecting additional development fee revenue in order to generate sufficient funds to construct, install and purchase the improvements and equipment described in the Development Impact Fee Report dated May 2008.

Library Facilities Fee

The Library Facilities Fee is levied to fund the costs related to new development's impact on library facilities at the same rate per capita as existing development. A listing of the cost per square foot for library construction is included in the May 2008 Development Impact Mitigation Fee Report (referred to herein as the 2008 Report). Additionally, the 2008 Report details that monies collected shall be used for new facilities needed to accommodate growth that include an additional 3063 square feet of library, 27,032 new books and 2.5 new computer workstations. The current fee charge for Library Impact Fees is shown in Table 1.

The Library Facilities Fee at the end of FY23-24 is \$120,898. One capital project was done in FY23-24. The project included replacing/upgrading the air conditioning system serving the library. The City Attorney's office developed a nexus based on the fact that the Willows Library is one of Glenn County's Cooling/Heating Centers and, therefore, serves the entire County. Since the nexus study was published in 2008, Glenn County's population has increased by 1,138 or 4%. Since the Willows Library serves all of Glenn County and there has been an increase in population, the City Attorney determined that the City could use the impact fees as matching funds for the grant. In addition, there has been an increase in the number of computer stations and library programs since 2008 that are available to all Glenn County residents (which also demonstrates growth).

The balance of the remaining Library Development Impact fee funds are committed for the long-term need to expand the library building, volumes of book and computer facilities. The following table summarizes the activity for the Library Facilities Fee Fund for fiscal year July 1, 2023, through June 30, 2024.

LIBRARY FACILITIES FUND	FY 2023-24
Beginning Balance	\$143,201
Developer Fees	\$0
Interest Income	\$2,543
Expenditures	\$24,846
Ending Balance	\$120,898

The expenditures were for the City's matching portion of the cost of the HVAC replacement/upgrade project from this fund during FY23-24. The original impact fee report stated that the existing population at the time the report was completed was 6,473 which was the average figure from the General Plan, the State Department of Finance and ESRI Tapestry. The original report was estimating a 1.5% population growth each year. As of January 1, 2024, per the Department of Finance for the State of California, the population of the City of Willows was 6,321. As the population increases, improvements associated with expansion of the library, additional books and additional computers will be needed. It is anticipated that when the population reaches 8,000-8,500, expansion of the facilities will be needed. The date when this will occur is unknown and dependent on when growth occurs within the City. Books and computers will be needed on a pro-rata basis as the population grows.

No interfund transfers or loans were made from this account.

No refunds were made from this fund pursuant to subdivision (e) of Section 66001 of the Government Code, as insufficient funds have been collected for the improvements identified in the 2008 Report.

Parks and Recreation Fee

The Parks and Recreation fee is levied to fund the cost of park amenities as listed in the 2008 Report.

These improvements include:

- Solar lights for park around play equipment/pathways and pedestrian walkway lighting
- 2 new softball fields
- Bike paths/BMX course
- Warm-up areas for softball pitchers
- Coin/token operated softball lights
- Pathways in parks
- Trees
- 2 soccer fields
- 14 acres of additional parks

The Parks and Recreation Fee Fund at the end of FY23-24 is \$3343,358. The current fee charge for Parks and Recreation Impact Fees is shown in Table 1. No capital projects were done in FY23-24. The funds are committed for the long-term need for the facilities outlined above. The following table summarizes the activity for the Parks and Recreation Fee Fund for fiscal year July 1, 2023, through June 30, 2024.

PARKS AND RECREATION FEE FUND	FY 2023-24
Beginning Balance	\$337,105
Developer Fees	\$0
Interest Income	\$6,253
Expenditures	0
Ending Balance	\$343,358

No expenditures were made from this fund during FY23-24. The original impact fee report stated that the existing population at the time the report was completed was 6,473 which was the average figure from the General Plan, the State Department of Finance and ESRI Tapestry. The original report was estimating a 1.5% population growth each year. As of January 1, 2024, per the Department of Finance for the State of California, the population of the City of Willows was 6,321. As the population increases, improvements associated with expansion of the Parks and Recreation facilities will be needed. It is anticipated that when the Basin Street residential project is constructed, additional new park amenities (both soccer and baseball/softball fields will be needed, along with the amenities associated with the park(s). The developer has been conditioned to dedicate parklands and improvements at the parks as that development is built. It is anticipated that the improvements will be built with that development in lieu of paying their portion of this impact fee, as well as the developer will contribute additional monies to complete the needed improvements. The date when this will occur is dependent on when growth occurs within the City.

No interfund transfers or loans were made from this account.

No refunds were made from this fund pursuant to subdivision (e) of Section 66001 of the Government Code, as insufficient funds have been collected for the improvements identified in the 2008 Report.

Freeway Interchange Fee

The Freeway Interchange Fee is levied to fund the construction of improvements to the southbound off-ramps and signals for the Interstate 5 Interchanges. Improvements associated with the I-5 interchange at Wood Street were primarily completed with the Walmart development. Improvements associated with the Road 57 Interchange are slated to be completed as development at the southern portion of the City is built out.

The Freeway Interchange Fee Fund at the end of FY23-24 is \$402,056. The current fee charge for Freeway Interchange Impact Fees is shown in Table 1. No capital projects were done in FY23-24. The funds are committed for the long-term need for improvements to the Road 57/I-5 Interchange. The following table summarizes the activity for the Freeway Interchange Fee Fund for fiscal year July 1, 2023, through June 30, 2024.

FREEWAY INTERCHANGE FEE FUND	FY 2023-24
Beginning Balance	\$393,110
Developer Fees	\$1,633
Interest Income	\$7,313
Expenditures	0
Ending Balance	\$402,056

No expenditures were made from this fund during FY23-24. The original impact fee report stated that the existing population at the time the report was completed was 6,473 which was the average figure from the General Plan, the State Department of Finance and ESRI Tapestry. The original report was estimating a 1.5% population growth each year. As of January 1, 2024, per the Department of Finance for the State of California, the population of the City of Willows was 6,321. As the population increases and traffic trips increase, improvements associated with the Road 57/I-5 Interchange will be needed. It is anticipated that when the Basin Street residential project and the Taylor property is improved, interchange improvements will be needed. The exact timing of the needed improvements will be determined by the project trip volumes from development that occurs in the southern portion of the City. The date when this will occur is dependent on when growth occurs within the City.

No interfund transfers or loans were made from this account.

No refunds were made from this fund pursuant to subdivision (e) of Section 66001 of the Government Code, as insufficient funds have been collected for the improvements identified in the 2008 Report.

Street and Traffic Impact Fee

Per the 2008 Report, the Street and Traffic Impact Fee is levied to fund the construction of the following improvements:

- Tehama @ Sycamore turn lane and signal modification
- Tehama - Cedar to Road 53 road widening to 4 lanes
- Tehama @ GCID canal bridge modifications
- Tehama – northbound @ Road 53 right turn lane improvements
- Tehama @ Road 53 – intersection reconstruction
- Road 53 westbound @ Tehama – construct right turn lane
- Sacramento @ GCID canal bridge modifications

The Street and Traffic Fee Fund at the end of FY23-24 is \$189,667. The current fee charge for Street and Traffic Impact Fees is shown in Table 1. No capital projects were done in FY23-24 where Street and Traffic Impact Fees were used. The funds are committed for the long-term need for improvements to the Tehama Road, various intersections and 2 bridges. The following table summarizes the activity for the Street and Traffic Impact Fee Fund for fiscal year July 1, 2023, through June 30, 2024.

STREET AND THOROUGHFARE IMPACT FEE	FY 2023-24
Beginning Balance	\$185,290
Developer Fees	\$929
Interest Income	\$3,448
Expenditures	0
Ending Balance	\$189,667

No expenditures were made from this fund during FY23-24. The original impact fee report stated that the existing population at the time the report was completed was 6,473 which was the average figure from the General Plan, the State Department of Finance and ESRI Tapestry. The original report was estimating a 1.5% population growth each year. As of January 1, 2024, per the Department of Finance for the State of California, the population of the City of Willows was 6,321. As the population increases and traffic trips increase from projected development in the southern portion of the City, improvements associated with improvements to Tehama, intersections and bridges will be needed. It is anticipated that when the Basin Street residential project and the Taylor property is improved, these improvements will be needed. The exact timing of the needed improvements will be determined by the project trip volumes from development that occurs in the southern portion of the City. The date when this will occur is dependent on when growth occurs within the City.

No interfund transfers or loans were made from this account.

No refunds were made from this fund pursuant to subdivision (e) of Section 66001 of the Government Code, as insufficient funds have been collected for the improvements identified in the 2008 Report.

Police Impact Fee

The Police Impact Fee is levied to fund the expansion of the police station, as well as 3 additional police cars needed as new development occurs. Details of the needed facilities and equipment are outlined in the 2008 Report. As of July 1, 2017, the City has outsourced all police services through a contract with Glenn County Sheriff's Office (GCSO.) In the agreement with GCSO, the agreement states that GCSO *"...shall furnish and supply all necessary labor, supervision, transportation, equipment, communication facilities, and supplies necessary to provide the Services to be rendered hereunder."* As growth occurs in the City and GCSO encounters a need to expand their facilities or add vehicles due to population growth in the City of Willows, the Police Impact Fees can be used to pay GCSO for these costs.

The Police Impact Fee Fund at the end of FY23-24 is \$63,082. The current fee charge for the Police Impact Fee is shown in Table 1. There were no fund expenditures out of this fund in FY23-24. The funds are committed for the long-term need for expansion of needed facilities and patrol cars as growth occurs. The following table summarizes the activity for the Police Impact Fee Fund for fiscal year July 1, 2023, through June 30, 2024.

POLICE IMPACT FEE	FY 2023-24
Beginning Balance	\$61,742
Developer Fees	\$192
Interest Income	\$1,148
Expenditures	0
Ending Balance	\$63,082

No expenditures were made from this fund during FY23-24. The original impact fee report stated that the existing population at the time the report was completed was 6,473 which was the average figure from the General Plan, the State Department of Finance and ESRI Tapestry. The original report was estimating a 1.5% population growth each year. As of January 1, 2024, per the Department of Finance for the State of California, the population of the City of Willows was 6,321. As the population increases it is anticipated that additional officers and vehicles will be needed. The exact timing of the needed officers and vehicles is dependent on when growth occurs within the City.

No interfund transfers or loans were made from this account.

No refunds were made from this fund pursuant to subdivision (e) of Section 66001 of the Government Code, as insufficient funds have been collected for the improvements identified in the 2008 Report.

Fire Impact Fee

The Fire Impact Fee is levied to fund the following due to impacts from development:

- One new structure engine
- Outfit new engine
- Purchase 3 new breathing apparatus
- Expansion of the existing fire station

Details of the needed facilities and equipment are outlined in the 2008 Report.

The Fire Impact Fee Fund at the end of FY23-24 is \$2,130. The current fee charge for the Fire Impact Fee is shown in Table 1. There were no fund expenditures out of this fund in FY23-24. The funds are committed for the long-term need for expansion of needed facilities and equipment as development occurs. The following table summarizes the activity for the Fire Impact Fee Fund for fiscal year July 1, 2023, through June 30, 2024.

FIRE IMPACT FEE	FY 2023-24
Beginning Balance	\$1,713
Developer Fees	\$395
Interest Income	\$22
Expenditures	\$0
Ending Balance	\$2,130

No expenditures were made from this fund during FY23-24. The original impact fee report stated that the existing population at the time the report was completed was 6,473 which was the average figure from the General Plan, the State Department of Finance and ESRI Tapestry. The original report was estimating a 1.5% population growth each year. As of January 1, 2024, per the Department of Finance for the State of California, the population of the City of Willows was 6,321. As the population increases it is anticipated that additional equipment and facility expansion will be needed. The exact timing of the needed equipment and facility expansion is dependent on when growth occurs within the City.

No interfund transfers or loans were made from this account.

No refunds were made from this fund pursuant to subdivision (e) of Section 66001 of the Government Code, as insufficient funds have been collected for the improvements identified in the 2008 Report.

Wastewater Impact Fee

In 2006, the City invested \$10.256 million to upgrade the City's Wastewater Treatment Plant to be able to process 2.0 million gallons per day of wastewater (accommodated both existing and future growth.) Of the overall amount, \$3.367 million was paid by grant and internal funding and an additional \$70,000 in principle was paid by the City, leaving \$6,819,000 in costs. Per the 2008 Report, of \$6,819,000, 20% (\$1,380,871) was the new development share of the cost.

The Wastewater Impact Fee Fund at the end of FY23-24 is \$0. The current fee charge for the Wastewater Impact Fee is shown in Table 1. There were \$40,419 in fund expenditures out of this fund in FY23-24. The funds collected are committed to annually pay back the long-term debt incurred by the City for the expansion of the Wastewater Treatment Plant. The following table summarizes the activity for the Wastewater Impact Fee Fund for fiscal year July 1, 2023, through June 30, 2024.

WASTEWATER IMPACT FEE	FY 2023-24
Beginning Balance	\$0
Developer Fees	\$40,419
Interest Income	\$0
Expenditures	\$40,419
Ending Balance	\$0

Expenditures in FY2023-24 included payment on the debt service for the long-term debt. The original impact fee report stated that the existing population at the time the report was completed was 6,473 which was the average figure from the General Plan, the State Department of Finance and ESRI Tapestry. The original report was estimating a 1.5% population growth each year. As of January 1, 2024, per the Department of Finance for the State of California, the population of the City of Willows was 6,321. As the population increases it is anticipated that the additional impact fees will be collected to pay off the remaining debt of the Wastewater Treatment Plant. The exact timing of collecting the remaining fees is dependent on when growth occurs within the City.

No interfund transfers or loans were made from this account.

No refunds were made from this fund pursuant to subdivision (e) of Section 66001 of the Government Code, as funds are used to pay off existing debt on an annual basis.

Storm Drainage Impact Fee

Per the 2008 Report, the Storm Drain Impact Fee is levied to fund the construction of city-wide storm drain improvements associated with impacts from development.

The Storm Drainage Impact Fee Fund at the end of FY23-24 is \$159,208. The current fee charge for Storm Drainage Impact Fees is shown in Table 1. There were no fund expenditures out of this fund in FY23-24. The funds are committed for the long-term need for improvements to city-wide storm drain improvements due to development. The following table summarizes the activity for the Storm Drainage Impact Fee Fund for fiscal year July 1, 2023, through June 30, 2024.

STREET AND THOROUGHFARE IMPACT FEE	FY 2023-24
Beginning Balance	\$155,478
Developer Fees	\$836
Interest Income	\$2,894
Expenditures	\$0
Ending Balance	\$159,208

No expenditures were made from this fund during FY23-24. The original impact fee report stated that the existing population at the time the report was completed was 6,473 which was the average figure from the General Plan, the State Department of Finance and ESRI Tapestry. The original report was estimating a 1.5% population growth each year. As of January 1, 2024, per the Department of Finance for the State of California, the population of the City of Willows was 6,321. As the population increases the overall impervious area in the City will increase and cause impacts to stormwater runoff, which will result in additional improvements to existing storm drain facilities or new storm drain facilities. The exact timing of the needed improvements will be determined by new development. Accordingly, the date when this will occur depends on when growth occurs within the City.

No interfund transfers or loans were made from this account.

No refunds were made from this fund pursuant to subdivision (e) of Section 66001 of the Government Code, as insufficient funds have been collected for the improvements identified in the 2008 Report.