



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-1148

Agenda Date: 12/17/2025

Agenda #: 13.

DATE: December 17, 2025

TO: Honorable Mayor and City Councilmembers

FROM: Development Services Department

**TITLE: REVIEW OF ASSEMBLY BILL 1600 FINAL REPORT FOR FISCAL YEAR 2024-25
REGARDING DEVELOPMENT IMPACT FEES**

RECOMMENDATION

Staff recommends that the City Council review the City's Assembly Bill (AB) 1600 Annual Report for Fiscal Year (FY) 2024-25 regarding collection and use of Development Impact Fees (DIFs).

BACKGROUND AND ANALYSIS

The City's Capital Improvement Program (CIP) budget is funded by multiple sources, including DIFs. AB 1600, also known as the Mitigation Fee Act, requires agencies to annually report within 180 days after the last day of each fiscal year on DIFs collected and how they were used. The City's AB 1600 Annual Report for DIFs for FY 2024-25 (Attachment 2) was prepared by Harris and Associates and made available to the public beginning on December 3, 2025. The report provides details on four DIFs, as identified below:

- 1. Thoroughfare and Signal Fee:** The San Diego Association of Governments (SANDAG) collects development fees under the Regional Transportation Improvement Plan (RTIP), which are used to maintain traffic movement and safety on City streets. In 2016, the City combined two separate fees (Major Thoroughfare and Signals) into the current Thoroughfare Signal Fee, which provides funding to accommodate traffic generated by future development within the City in accordance with the City's Circulation Element of the General Plan. The fees are used to finance construction of bridges and roadway improvements, as well as installation of traffic signals. The Major Thoroughfare fund is a subset of the Thoroughfare and Signal Fees collected used to identify the Regional Transportation Congestion Improvement Program (RTCIP) Fee component collected and is in place to fund arterial roadway and regional roadway improvements.
- 2. Citywide Drainage Fee:** The purpose of this fee is to finance Citywide storm drain and flood control improvements needed to adequately serve and protect the community. In 2016, the City consolidated Drainage District fees into the current Citywide Drainage Fee. Citywide Drainage Fees provide funding to accommodate the needs generated by future development within the City, as identified in the City's Storm Drain Master Plan.

3. **Parks Fee:** The purpose of this fee is to finance park improvements needed for the City to accommodate needs generated by future development, as identified within the City's Parks and Recreation Master Plan.
4. **Public Facility Fee:** The purpose of this fee is to finance public safety and library improvements needed for the City in accordance with the City's Community Facilities element of the General Plan. Similar to Parks Fees, Public Facility Fees provide funding to accommodate needs generated by future development within the City.

Fees imposed on new development must have the proper nexus to a legitimate state interest and must be roughly proportional to the impact of a development project. For accounting purposes, the fees must be segregated from the general funds of the City and from other funds or accounts containing fees collected for other improvements. Interest on each development fee fund or account must be credited to that fund or account and used only for the purposes for which the fees were collected.

Each year, the City Council considers approval of the proposed CIP budget for that fiscal year which helps inform planning the City's Five-year CIP Budget. The City's Five-year CIP Budget (on file with the City Clerk's office and available on the City's website) details activity for each of the DIFs collected, including fund balances, interest earned, and projected expenditures. Unused appropriations are re-budgeted in subsequent years when projects are not complete.

AB 1600 Compliance (Mitigation Fee Act)

The California Government Code requires local agencies that impose fees in connection with the approval of development projects to make certain information available to the public on an annual basis. Section 66006 requires that the following be disclosed:

- a) A brief description of the type of fee in the fund.
- b) The amount of the fee.
- c) The beginning and ending balance of the fund.
- d) The amount of fees collected and the interest earned.
- e) An identification of each public improvement on which the fees were expended and the amount of expenditures on each improvement.
- f) An identification of an approximate date by which the construction of the improvement will commence if the agency determines that sufficient funds have been collected to complete the financing of an incomplete public improvement.
- g) A description of each interfund transfer or loan made from the 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 the account or fund will receive on the loan.
- h) The amount of refunds made.

Additionally, Government Code Section 66001 requires that if the funds have not been spent, the City must make the following required findings, regardless of whether the funds are committed or uncommitted, once every five years:

- 1) Identify the purpose to which the fee is to be put.
- 2) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.
- 3) Identify all sources and amounts of funding anticipated to complete financing of incomplete public improvements and the approximate dates on which such funding is expected to be deposited into the appropriate fund.
- 4) Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

On October 11, 2023, the Governor of California signed AB 516 into law, amending certain portions of the Mitigation Fee Act, commencing with Government Code Section 66000. AB 516 updates and expands AB 1600, including additional reporting requirements, additional information agencies must provide to an applicant paying DIFs, and new grounds on which an applicant may request an audit on DIF expenditures. AB 516 allows a person to request an audit to determine when the revenue generated by a fee is scheduled to be expended and when the public improvement is scheduled to be completed.

AB 516 requires that annual and five-year reports must now include the following information (the next five-year report will occur with the proposed FY 2025-26 CIP Budget):

- a) Identification of each public improvement identified in the previous report, and whether construction began on the approximate date noted
- b) For previously identified projects that did not start construction on the approximate date identified in the report, a reason for the delay and a revised approximate construction start date
- c) For any refunds made, the number of persons or entities identified to receive those funds

As of FY 2024-25, agencies must also provide the following information to an applicant requesting DIF:

- a) Their right to request an audit pursuant to Government Code Section 66023
- b) Their right to file a written request to receive a mailed notice of the local agency's annual report review meeting
- c) A link to the location on the agency's website, which includes fee account or fund information for public review

When sufficient funds have been collected to complete financing of incomplete public improvements and the improvements remain incomplete, the agency is required to identify an approximate date by which the construction of the public improvements will be commenced, or shall refund to the then current owner(s) of record the unexpended portion of the fee and interest accrued thereon with limited exception.

Attached to this staff report is the AB 1600 Developer Impact Fee Revenue Analysis provided by Harris Associates. Each section of the annual report provides a brief description of each fund's fee, the amount of the fee, the beginning and ending balances, revenues collected, interest earned, project expenditures by fund and the percentage of each project funded by collected fees.

The report identified continued growth in DIF revenues, with over \$12 million collected, and concludes that DIF funds were properly used to advance transportation, drainage, park, and public facility projects citywide. All funds retain adequate eligible projects to meet five-year statutory requirements, and no refunds or compliance issues were identified. Tables are also included which summarize whether sufficient funds have been identified to complete future projects as well identify the approximate date by which the construction of the public improvement will begin if sufficient funds are available. The tables also identify any transfers, loans or refunds associated with the fund.

FISCAL IMPACT

There is no fiscal impact to receiving the informational report.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

Government Code section 66006 requires the City to make available to the public within 180 days after the last day of each fiscal year certain information regarding development impact fees collected and how they were used. The City Council must review this information at its next regularly scheduled public meeting not less than 15 days after the information is made available to the public.

Prepared by: Victor Velasco, Principal Civil Engineer

Reviewed by: Darlene Nicandro, Development Services Director

Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. AB 1600 Final Report for FY 2024-25 regarding collection and use of DIFs (prepared by Harris & Associates)