

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA,  
ACCEPTING THE AB1600 REPORT ON DEVELOPMENT IMPACT  
FEES FOR FISCAL YEAR ENDED JUNE 30, 2023 AND MAKING  
FINDINGS REGARDING THE CONTINUING NEED FOR  
UNEXPENDED BALANCES OF IMPACT FEES AS OF JUNE 30,  
2023**

**WHEREAS**, Government Code Sections 66000 et seq. (commonly known as, and referenced herein as, “AB1600”) regulate the imposition, collection, maintenance, expenditure and reporting of impact fees imposed on developers for the purpose of defraying their impacts on public facilities;

**WHEREAS**, the City of Santa Clara (“City”) has identified eight (9) impact fees collected from developers that are subject to AB1600’s requirements. Those funds are the Traffic Mitigation Fee (Funds 123/533), the Sanitary Sewer Outlet Fee (Fund 594), the Sanitary Sewer Connection Fee (Fund 594), the Sanitary Sewer Conveyance Fee (Fund 594), the Storm Drain Fee (Fund 535), the Parks Mitigation Fee (Fund 532), the Tasman East Specific Plan Infrastructure Impact Fee (Fund 541), the Patrick Henry Drive Infrastructure Impact Fee (Fund 542), and the Affordable Housing Fee (Fund 565);

**WHEREAS**, in accordance with the provisions of AB1600, the City has set up separate special revenue funds for each type of fee, crediting earned interest to those funds, and spending the accumulated fees and related interest on appropriate expenditures;

**WHEREAS**, the City has prepared an annual report for fiscal year 2022-23 in accordance with AB1600, “AB1600 Report on Development Impact Fees for Fiscal Year ended June 30, 2023,” reflecting the beginning and ending balances of each separate fund containing impact fees; the amount of fees collected and the interest earned for the year; the amount of expenditures and refunds made in the year; the percentage of expenditures paid for by fees; and a description of the type of fees. The amount of each of these AB1600 fees for FY 2022-23 is reflected in the City’s Municipal Fee Schedule, previously adopted by this Council;

**WHEREAS**, a copy of the annual report has been on file and available for review in the City Clerk's Office and the Finance Department at Santa Clara City Hall, and online at [Santacruz.gov/Finance](http://Santacruz.gov/Finance) since December 22, 2023;

**WHEREAS**, AB1600 requires the City to make specific findings every five (5) years with respect to any portion of the fees remaining unexpended or uncommitted after a period of five (5) years to 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 was charged, 3) identify all sources and amounts of funding anticipated to complete financing of the improvement, and 4) designate the approximate date on which such funding will be available;

**WHEREAS**, the Traffic Mitigation Impact Fee, which was established for the purpose of providing a source of funding for traffic improvements, contains some fee revenues which were received more than five (5) years ago. The sum of \$4,609,189 representing fees and accrued interest collected for traffic mitigation remains unexpended five (5) or more years after deposit of the fees;

**WHEREAS**, the Storm Drain Fee, which was established for the purpose of mitigating storm drainage that results directly or indirectly from development projects, contains some fee revenues which were received more than five (5) years ago. The sum of \$232,461 representing fees and accrued interest collected for storm drainage mitigation remains unexpended five (5) or more years after deposit of the fees;

**WHEREAS**, the Sanitary Sewer Conveyance Fee, which was established for the purpose of mitigating sanitary sewer conveyance load that results directly or indirectly from development projects, contains some fee revenues which were received more than five (5) years ago. The sum of \$17,952,660 representing fees and accrued interest collected for sewer conveyance mitigation remains unexpended five (5) or more years after deposit of the fees; and

**WHEREAS**, the City desires to make the findings required by law with respect to these unexpended fees.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:**

1. That the City Council hereby accepts the attached AB1600 Report on Development Impact Fees for Fiscal Year ended June 30, 2023 ("Report"), and makes the following findings:

A. The Traffic Mitigation Impact Fee revenues are to be used to construct traffic improvements needed by new development. The amount of the fee for different land use types is proportionate to the need for traffic improvements generated by such land use types. This fee is still necessary as several projects are tied to larger development projects that have yet to occur. These development projects are still anticipated to take place based on the City's General Plan. The traffic mitigation fee is set at a lower rate than justified, and as a result projects are underfunded. This has also slowed down progress on projects resulting in some project costs increasing. Periodically, as the City updates the General Plan and as new development occurs, additional improvement projects are identified and added to the Traffic Mitigation Fee Project List.

B. The portion of the \$11,413,512 fund balance in the Traffic Mitigation Fund that was at least five (5) years old as of June 30, 2023, totals \$4,609,189. The City will use the entire fund balance for the projects identified in Exhibit A of the Report which are programmed in the Capital Improvement Plan. The Traffic Mitigation Fund has projects scheduled in the current Capital Improvement Plan for the next five (5) years, and depends upon additional fees and interest each year. Projects identified in Exhibit A which are funded at less than 100% with Traffic Mitigation Impact Fees are funded by other sources totaling \$13,598,728. Remaining appropriations totaling \$8,145,714 from the other sources are as follows: Reimbursable Grants \$224,298; Santana Row Settlement \$1,387,340; Vehicle Registration Fee \$452,372; Bonds Proceeds \$1,451,057; Measure B \$971,375; Gas Tax \$694,072; Electric Utility Contribution \$1,000,000; Regional Traffic Mitigation Fee \$1,108,500; General Fund \$90,000; and Developer Contributions \$766,700. All these amounts have been received and are available except the Reimbursable Grants, Measure B, Regional Traffic Mitigation Fee, and Developer Contributions.

C. The Storm Drain Impact Fee revenues are to be used to mitigate City storm drainage that results either directly or indirectly from development projects. The amount of the fee is proportionate to the need for storm drainage improvements generated by development projects. This fee is still necessary as several storm drain projects are tied to larger development projects that have yet to occur. These development projects are still anticipated to take place based on the City's General Plan. As new development occurs, additional improvement projects are identified and added to the Storm Drain Impact Fee Project List.

D. The portion of the \$433,968 fund balance in the Storm Drain Impact Fee Fund that was at least five (5) years old as of June 30, 2023, totals \$232,461. The City will use the entire fund balance for the projects identified in Exhibit A of the Report which are programmed in the Capital Improvement Plan. The Storm Drain Impact Fee Fund has projects scheduled in the current Capital Improvement Plan for the next five (5) years, and depends upon additional fees and interest each year. The project identified in Exhibit A which is funded at less than 100% with Storm Drain Impact Fees is funded by the General Fund Capital Project Reserve (CPR) totaling \$972,008. The remaining appropriation from the CPR is \$564,519.

E. The Sanitary Sewer Conveyance Fee was adopted in 2006-07 to address Sewer Main capacity deficiencies resulting from increased development.

F. The portion of the \$54,098,272 fund balance in the Sanitary Sewer Conveyance Fees Fund that was at least five (5) years old as of June 30, 2023, totals \$17,952,660. The City will use the entire fund balance for the projects identified in Exhibit A of the Report which are programmed in the Capital Improvement Plan. The Sanitary Sewer Conveyance Fee has projects scheduled in the current Capital Improvement Plan for the next five (5) years, and depends upon additional fees and interest each year. The project identified in Exhibit A which is funded at less than 100% with Sanitary Sewer Conveyance Fees is funded by the Sewer Utility Customer Service Fees totaling \$500,000. The remaining appropriation from the Sanitary Sewer Conveyance Fees is \$500,000.

2. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 30TH DAY OF JANUARY, 2024, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: \_\_\_\_\_  
NORA PIMENTEL  
ASSISTANT CITY CLERK  
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. AB1600 Report on Development Impact Fees FYE June 30, 2023