

# City of Sierra Madre

## AB 1600 Mitigation Fee Act Compliance Report Fiscal Year 2024-2025



## **What Are Development Impact Fees?**

Development Impact Fees (DIFs) are monetary exactions, meaning financial charges other than taxes or special assessments. They are paid by developers to the City when a building permit or development project is approved.

These fees ensure that when new homes or businesses are built, they contribute to the cost of public facilities—such as streets, parks, water systems, and public safety buildings—that are needed to serve the growing community. In short, Development Impact Fees help maintain service quality as Sierra Madre develops.

### **Legal Authority: The Mitigation Fee Act (AB 1600)**

The rules governing these fees are established in California Government Code Sections 66000–66025, collectively known as the *Mitigation Fee Act*. The law was enacted through Assembly Bill 1600 (AB 1600) in 1987 and is often referred to as the “*AB 1600 requirements*.”

This Act ensures that:

- Each fee must have a reasonable relationship, or “nexus,” to the specific impact created by new development.
- Fees can only be used for their stated purpose, such as expanding facilities or services affected by that development.
- Cities must annually report all fee collections, expenditures, and fund balances for public transparency.

### **Why These Fees Exist**

The purpose of Development Impact Fees is to defray all or part of the cost of public improvements needed because of new growth. They prevent existing residents and businesses from bearing the full burden of new infrastructure costs.

In essence, these fees ensure that new development funds its fair share of community facilities and infrastructure, maintaining balance between growth and quality of life.

### **How Fees Are Determined**

The City of Sierra Madre’s fee program is based on a comprehensive Public Facilities Fee Study originally prepared in 2006 by *MuniFinancial Services*. The study analyzed population growth, land-use patterns, and facility needs to establish equitable fee levels.

The City’s fee schedule is periodically updated using the California Construction Cost Index (CCCI) published by the California Department of General Services (DGS) in coordination with Engineering News-Record (ENR). The CCCI is calculated each month using the average Building Cost Index (BCI) values for San Francisco and Los Angeles, reflecting changes in the cost of construction materials, skilled labor, and equipment. By aligning fee updates with the

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CCCI, the City ensures that its Development Impact Fees remain consistent with current market trends and real-world construction costs ([DGS California CCCI](#); [Mortenson Cost Index](#)).

**Annual Reporting Requirements**

Under *Government Code Section 66006(b)*, the City must prepare and publish this report within 180 days after the close of each fiscal year.

This annual report provides:

- A description and purpose for each fee.
- The beginning and ending balance of each fund.
- The total amount of fees collected and interest earned.
- Details on projects funded or planned.
- Any interfund transfers, loans, or refunds issued.

This report ensures accountability and public transparency in the use of development fee revenue.

**Public Facility Fee Categories**

The City organizes its Development Impact Fees into seven categories, each addressing a specific area of public need:

Category	Purpose	Fund (Account)	Description / Accounting Context
General Government	Expands administrative, storage, and fleet facilities used in city operations.	34002 – Development Impact Fees (General)	Serves as the City's master development fee fund, holding revenues for capital improvements that support general government and administrative facilities.
Library	Helps fund additional library space, books, and technology upgrades to serve new residents.	34004 – Development Fees – Library	Accounts for library-related facility upgrades, technology improvements, and expansions tied to community growth.
Public Safety	Supports police and fire facilities, vehicles, and emergency response equipment.	34005 – Development Fees – Public Safety	Tracks revenues and expenditures for police and fire facility expansion, vehicle replacement, communication system upgrades, and related equipment purchases.
Parks and Parkland (Quimby)	Enhances or acquires parks to maintain recreation standards per	34006 – Development Fees – Quimby	Holds funds collected under the Quimby Act for parkland acquisition or

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Category	Purpose	Fund (Account)	Description / Accounting Context
	the California Quimby Act (Government Code §66477).		improvements ensuring equitable recreational access in new residential areas.
Transportation / Traffic	Improves roadways, intersections, and traffic systems to accommodate increased usage.	34007 – Development Fees – Transportation	Restricted fund used for constructing or upgrading traffic control devices, transit stops, intersections, and multi-modal circulation projects.
Water	Expands water infrastructure including reservoirs, pumping capacity, and pipelines.	34008 – Development Fees – Water	Collects and allocates impact fees to projects increasing distribution, pumping, and storage capacity for the City's water utility system.
Sewer	Increases sewer line and treatment capacity to handle higher demand due to growth.	34009 – Development Fees – Sewer	Dedicated to capital improvements in the wastewater collection network, including main line upsizing, lift stations, and flow capacity enhancements.

**Purpose of This Report**

This report serves to:

- Fulfill the City's annual AB 1600 Mitigation Fee Act reporting obligations,
- Provide financial transparency regarding how each fund is managed,
- And demonstrate the City's commitment to ensuring sustainable growth—that new development contributes fairly toward the community services and infrastructure it depends on.

Each subsequent section outlines the financial status, expenditures, and planned projects for each of the seven Public Facility Fee categories for Fiscal Year 2024–2025.

## General Government Facilities – Fund 34002 – Development Impact Fees (General)

The General Government Facility Fee ensures that as Sierra Madre grows, new development contributes its fair share toward the cost of expanding and improving the City’s essential administrative facilities. These revenues ensure that infrastructure supporting local governance and community services can keep pace with the increasing demands generated by residential and commercial growth. The purpose of this fee is to maintain the quality and efficiency of the City’s general government operations. As new homes and businesses are built, they generate additional service needs ranging from public records and permitting to planning, code enforcement, and overall City administration. The General Government Fee helps fund facility expansions and improvements necessary to meet this increased demand without shifting the financial burden onto existing residents and businesses.

**FY 2024-2025 Schedule:**

Residential		Nonresidential (per 1,000 sq. ft.)		
Single Family	Multi-Family	Commercial	Office	Industrial
\$3,482.95	\$2,170.11	\$843.83	\$1,122.54	\$563.20

**Fiscal Year 2024-2025 Activity:**

Beginning Fund Balance, July 1, 2024	\$70,429
Revenue	
Fees Collected	0
Interest Earnings	5,006
	5,006
Expenditures	
Project Expenditures	-
	-
Excess Revenue Over/(Under) Expenditures	5,006
Ending Fund Balance, June 30, 2025	\$75,435

**Current Public Improvement Projects:**

There were no projects budgeted in fiscal year 2024-2025.

**Interfund Transfers or Loans:**

There were no interfund transfers or loans in fiscal year 2024-2025.

**Refunds:**

There were no refunds made in fiscal year 2024-2025.

## Library Facilities – Fund 34004 – Development Fees – Library

The Library Facility Fee ensures that as Sierra Madre continues to grow, new residential and commercial development contributes its fair share toward the cost of maintaining and expanding the City’s library facilities. These revenues help the Sierra Madre Public Library, an essential part of the community’s educational and cultural life, keep pace with the needs of a growing population. The purpose of this fee is to preserve the accessibility, quality, and capacity of library services that benefit all residents. As new homes are built and population increases, the demand for public reading spaces, technology access, programming, and educational resources also rises. The Library Facility Fee helps fund expansions, improvements, and equipment upgrades necessary to meet this growing demand without shifting financial responsibility onto existing residents.

Fee revenues may be used for projects such as expanding library buildings, modernizing technology infrastructure, enhancing children’s reading and literacy areas, improving study and community spaces, and supporting sustainable facility improvements consistent with the City’s long-term Library Facilities Master Plan. By requiring that new development support the local library system, Sierra Madre ensures its historic public library remains a vibrant, welcoming, and inclusive resource for learning and community engagement for generations to come.

**FY 2024-2025 Schedule:**

Residential		Nonresidential (per 1,000 sq. ft.)		
Single Family	Multi-Family	Commercial	Office	Industrial
\$2,016.35	\$1,257.09	N/A	N/A	N/A

**Fiscal Year 2024-2025 Activity:**

Beginning Fund Balance, July 1, 2024	\$27,729
Revenue	
Fees Collected	0
Interest Earnings	1,145
	1,145
Expenditures	
Project Expenditures	16,823
	16,823
Excess Revenue Over/(Under) Expenditures	(15,678)
Ending Fund Balance, June 30, 2025	\$12,051

**Current Public Improvement Projects:**

Library utilized the fund to purchase three early learning with bilingual literacy stations in FY24-25.

**Interfund Transfers or Loans:**

There were no interfund transfers or loans in fiscal year 2024-2025.

**Refunds:**

There were no refunds made in fiscal year 2024-2025.

## Public Safety Facilities – Fund 34005 – Development Fees – Public Safety

The Public Safety Facility Fee ensures that as the City of Sierra Madre experiences growth, new development contributes its fair share toward the cost of maintaining and improving vital public safety infrastructure. These revenues help sustain the City’s ability to provide high-quality police, fire, and emergency response services as demand increases with new residents and businesses. The purpose of this fee is to support and expand the facilities, equipment, and systems required to keep the community safe. As new development occurs, it creates additional service needs ranging from emergency response and crime prevention to fire suppression and disaster preparedness and the fees fund the expansion, modernization, and replacement of critical assets necessary to maintain the high standard of safety Sierra Madre residents expect.

Fee revenues may be used for projects such as upgrading fire suppression apparatus, acquiring police vehicles and public safety equipment, expanding dispatch and communication systems, or renovating fire and police station facilities to meet service demands. By ensuring that growth pays its proportionate cost of public safety infrastructure, Sierra Madre preserves its tradition of being one of the safest and most well-protected communities in the San Gabriel Valley without shifting the financial impact onto existing residents and businesses.

**FY 2024-2025 Schedule:**

Residential		Nonresidential (per 1,000 sq. ft.)		
Single Family	Multi-Family	Commercial	Office	Industrial
\$2,723.70	\$1,697.27	\$656.61	\$876.51	\$438.25

**Fiscal Year 2024-2025 Activity:**

Beginning Fund Balance, July 1, 2024	\$40,124
Revenue	
Fees Collected	0
Interest Earnings	1,657
	1,657
Expenditures	
Project Expenditures	-
	-
Excess Revenue Over/(Under) Expenditures	1,657
Ending Fund Balance, June 30, 2025	\$41,781

**Current Public Improvement Projects:**

There were no projects budgeted in fiscal year 2024-2025.

**Interfund Transfers or Loans:**

There were no interfund transfers or loans in fiscal year 2024-2025.

**Refunds:**

There were no refunds made in fiscal year 2024-2025.

## Parks and Parkland (Quimby) Facility Fee – Fund 34006 – Development Fees – Quimby

The Parks and Parkland (Quimby) Facility Fee ensures that as Sierra Madre continues to grow, new development contributes its fair share toward the cost of acquiring, developing, and improving public parks and recreation spaces. These revenues help maintain the City’s long-standing commitment to preserving open space and ensuring that every resident has access to quality recreational amenities close to home. The purpose of this fee is to maintain Sierra Madre’s parkland standard of 3 acres per 1,000 residents, ensuring that community park and recreation spaces keep pace with population growth. As new homes are built, they generate additional demand for park facilities where individuals and families can enjoy outdoor activities, community events, and relaxation. The Parks and Parkland Fee helps fund the creation and improvement of these spaces so that new development enhances rather than diminishes recreational opportunities for the community. This fee is authorized under the *California Quimby Act* ([Government Code Section 66477](#)), which allows cities to require new residential subdivisions to dedicate land for park purposes or pay an equivalent “*in-lieu*” fee.

**FY 2024-2025 Schedule:**

	Residential		Nonresidential (per 1,000 sq. ft.)		
	Single Family	Multi-Family	Commercial	Office	Industrial
Subdivision	\$18,216.20	\$11,356.12	N/A	N/A	N/A

**Fiscal Year 2024-2025 Activity:**

Beginning Fund Balance, July 1, 2024	\$274,627
Revenue	
Fees Collected	0
Interest Earnings	9,809
	9,809
Expenditures	
Project Expenditures	59,199
	59,199
Excess Revenue Over/(Under) Expenditures	(49,390)
Ending Fund Balance, June 30, 2025	\$225,237

**Current Public Improvement Projects:**

The project of Sierra Vista Park improvements used \$11,078 in FY23-24. The project used \$59,199 in FY24-25 and was completed.

**Interfund Transfers or Loans:**

There were no interfund transfers or loans in fiscal year 2024-2025.

**Refunds:**

There were no refunds made in fiscal year 2024-2025.

## Transportation/Traffic Facilities – Fund 34007 – Development Fees – Transportation

The Transportation and Traffic Facility Fee ensures that as Sierra Madre develops, new residential and commercial growth contributes its fair share toward the cost of maintaining and improving the City’s transportation infrastructure. These revenues help ensure that the local roadway network, pedestrian facilities, and parking systems continue to operate safely and efficiently as travel demand increases. The purpose of this fee is to support the City’s efforts to maintain a reliable and well-connected transportation system. As new homes and businesses are constructed, additional vehicle trips are generated, placing greater demand on streets, traffic signals, and pedestrian crossings. The Transportation and Traffic Facility Fee helps fund street improvements, intersection upgrades, and mobility projects needed to accommodate new development without reducing the quality of existing transportation services. Fee revenues may be used for improvements such as:

By ensuring that new development financially supports the citywide transportation system, Sierra Madre preserves public safety, promotes efficient mobility, and maintains the community’s small-town character while responsibly addressing growth-related infrastructure needs.

**FY 2024-2025 Schedule:**

Residential		Nonresidential (per 1,000 sq. ft.)		
Single Family	Multi-Family	Commercial	Office	Industrial
\$7,135.05	\$5,706.89	\$17,728.07	\$15,644.46	\$5,714.58

**Fiscal Year 2024-2025 Activity:**

Beginning Fund Balance, July 1, 2024	\$229,818
Revenue	
Fees Collected	0
Interest Earnings	9,491
	9,491
Expenditures	
Project Expenditures	-
	-
Excess Revenue Over/(Under) Expenditures	9,491
Ending Fund Balance, June 30, 2025	\$239,309

**Current Public Improvement Projects:**

The FY24-25 street rehabilitation project is carried over to FY25-26 with the budget amount \$120,000.

**Interfund Transfers or Loans:**

There were no interfund transfers or loans in fiscal year 2024-25.

**Refunds:**

There were no refunds made in fiscal year 2024-25.

## Water Facilities – Fund 34008 – Development Fees – Water

The Water Facility Fee ensures that as Sierra Madre grows, new development contributes its fair share toward expanding and improving the City’s water system infrastructure. These revenues help maintain a reliable and resilient water supply capable of meeting community needs as population and development increase. The purpose of this fee is to support the continued operation, capacity, and efficiency of the City’s water delivery system. As new homes and businesses are constructed, they increase water consumption and demand on the City’s reservoirs, wells, and pipelines. The Water Facility Fee provides the funding necessary to expand infrastructure so that reliable service is maintained without placing additional financial strain on existing ratepayers.

By requiring new development to contribute its proportionate share of water infrastructure costs, Sierra Madre ensures that its locally operated water system continues to deliver safe, high-quality water while supporting long-term growth in a sustainable and financially responsible manner.

**FY 2024-2025 Schedule:**

Residential		Nonresidential (per 1,000 sq. ft.)		
Single Family	Multi-Family	Commercial	Office	Industrial
\$16,678.57	\$6,927.46	\$4,420.96	\$4,420.96	\$3,676.71

**Fiscal Year 2024-2025 Activity:**

Beginning Fund Balance, July 1, 2024	\$206,999
Revenue	
Fees Collected	0
Interest Earnings	8,549
	8,549
Expenditures	
Project Expenditures	-
	-
Excess Revenue Over/(Under) Expenditures	8,549
Ending Fund Balance, June 30, 2025	\$215,548

**Current Public Improvement Projects:**

There were no projects budgeted in fiscal year 2024-2025.

**Interfund Transfers or Loans:**

There were no interfund transfers or loans in fiscal year 2024-2025.

**Refunds:**

There were no refunds made in fiscal year 2024-2025.

## Sewer Facilities – Fund 34009 – Development Fees – Sewer

The Sewer Facility Fee ensures that as Sierra Madre grows, new residential and commercial development contributes its fair share toward expanding and maintaining the City’s wastewater collection infrastructure. These revenues help fund system improvements that preserve environmental quality, prevent service disruptions, and ensure adequate sewer capacity to serve future growth. The purpose of this fee is to support the ongoing expansion and modernization of Sierra Madre’s sewer system. As new homes and businesses connect to the network, they place additional demand on existing pipelines and collection facilities. The Sewer Facility Fee helps finance the installation of larger or upgraded sewer mains and related infrastructure so that the system continues to operate efficiently and in compliance with regional health and sanitation standards.

By requiring new development to contribute proportionately to these infrastructure improvements, Sierra Madre ensures that its local sewer system remains efficient, environmentally responsible, and capable of supporting community growth without imposing the financial burden on existing users.

### FY 2024-2025 Schedule:

Residential		Nonresidential (per 1,000 sq. ft.)		
Single Family	Multi-Family	Commercial	Office	Industrial
\$19,150.47	\$4,768.88	\$3,915.44	\$3,915.44	\$3,261.90

### Fiscal Year 2024-2025 Activity:

Beginning Fund Balance, July 1, 2023	\$209,723
Revenue	
Fees Collected	0
Interest Earnings	8,661
	8,661
Expenditures	
Project Expenditures	-
	-
Excess Revenue Over/(Under) Expenditures	8,661
Ending Fund Balance, June 30, 2024	\$218,384

### Current Public Improvement Projects:

The FY24-25 wastewater infrastructure repair project is carried over to FY25-26 with the budget \$158,000.

### Interfund Transfers or Loans:

There were no interfund transfers or loans in fiscal year 2024-2025.

### Refunds:

There were no refunds made in fiscal year 2024-2025.